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PARIS, MONDAY, DECEMBER 14, 1987

White House Said to Warn Fed

Officials Worry Current Monetary Policy Risks Recession

By Paul Blustein and John M. Berry

Washington Past Service
WASHINGTON — Top Reagan administration officials, dismissing appeals from U.S. allies for dona,
to the Federa
tary policy may be so
that it risks a recession, account to administration and Fed sources.
The administration warnings
have been private and mild compared with some past clashes bethe White House and the
But the developme

reflects the nervousness that senior Reagan advisers feel about the prospect of rising interest rates and clection year. a softening economy in the coming

The administration's position also underscores its unwillingness to see the Fed raise interest rates to boost the dollar, even though the currency has been sliding to record

Kiosk **Tehran Delays** OPEC Accord

A draft agreement to defend OPEC's \$18-a-barrel oil price next year ran into trouble Sunday because of a dispute be-tween groups led by Saudi Ara-bia and Iran, which wants higher prices, delegates said at the cartel's meeting in Vienna.

A compromise on pricing and production that delegates expected to be rubber-stamped on Sunday was being renegotiated, delegates said. They said lran was insisting that OPEC cut its output ceiling in the first few months of next year to take excess crude off the market and underpin prices. Page 11.

MONDAY O&A



an magazine Profil that first reported on the wartime activities of Kurt Waldheim was written by Peter Lingens, who sees only poor solutions to the debate. Page 2.

GENERAL NEWS

A new nine-member board to oversee Haiti's elections, picked by the military government, has been sworn in.

SPORTS

Buffalo beat Indianapolis Miami won and the Nationa Football League's AFC East got a three-way tie. Page 17.

Special Report

When the U.S. trade deficit was announced last week, there were gasps at the trading desks. Personal Investing,

postwar lows against Japan's yen the sources reiterated that the Fed and West Germany's Deutsche hasn't moved recently to squeeze mark. Some policy makers in allied governments have been privately and publicly urging the United States to raise interest rates to support the dollar, whose decline has read their particles are reconstructed. made their nations' products more expensive in world markets.

Administration sources stressed that the White House and Treasury

The Federal Reserve supported the dollar in currency markets in late October. Page 13.

want to avoid a free-fall of the dollar, which could panic financial markets and eventually lead to a recession. They also said the Treasury has become more willing in recent days to intervene in foreign-exchange markets through the Fed to slow the dollar's descent by buying dollars and selling foreign currencies. But such intervention gen-erally works only temporarily, and the administration stance suggests that the United States will be reluctant to accept demands by some trading partners for more substan-

tive currency-stabilization moves. Fed policy makers have shown no inclination in the last two months to raise interest rates just to defend the dollar, although they say there might be occasions when they would be forced to do so. Fed sources said policy makers at the central bank reject the notion that monetary policy is too tight, and

hasn't moved recently to squeeze

The administration official most upset about current Fed policy is said to be Beryl W. Sprinkel, chair-Advisers, Mr. Sprinkel and some other aides who share his views have evidently persuaded more powerful officials, notably Treasury Secretary James A. Baker 3d and the White House chief of staff. Howard H. Baker Jr., that there are

grounds for worry.

According to Fed sources, the two Bakers have raised concerns with the central bank about the arguments advanced by Mr. Sprin-

Mr. Sprinkel, according to one source, has complained that the Fed is risking an economic downturn by draining all of the cash it poured into the banking system in the aftermath of the Oct. 19 stock market plunge. At the root of the debate lie some disparate opinions about how to determine when Fed policy is tight or loose.

Mr. Sprinkel is a monetarist, paying close attention to any ex-

pansion in the supply of money when credit policy is relaxed or any decline when it is restricted. In this case, he is alarmed by an unexpected fall in the money supply in November. The narrowest measure of money, called M-1 and including currency in circulation and check-

See DOLLAR, Page 13



Palestinians Arrested in 5th Day of Gaza Violence

Two of the Palestinians arrested Sunday during a raid on the Mughazi refugee camp in the Gaza Strip were guarded by Israeli soldiers. During the fifth straight day of violence in the occupied territories of the West Bank and the Gaza Strip, 20 Palestinians

bringing the total by their count to 8 killed and more than 50 wounded. Israeli officials denied that the situation was out of

control or that a civil rebellion was taking place, but Israeli commentators called it the worst violence since protests over were wounded by gunfire from Israeli troops, Arab sources said, Israel's expulsion of two West Bank mayors in 1980-1981.

As Required, Reagan and Gorbachev Made Summit a Success

By David Hoffman and Don Oberdorfer

WASHINGTON - in the soft elegance of the White House library, President Ronald Reagan was waiting impatiently for the words. Just a few minutes ained in the three-day summit meeting with Mikhail S. Gorbachev, but first they had to approve the final language on the issue Mr. Reagan held so dear, his dream to build a defense against nuclear

The president was handed a draft of the document and read the words, but he said he could not see a difference from earlier versions of the joint statement. He listened to Secretary of State George P. Shultz explain that both nuclear superpowers could pursue their missile defense programs "as required."

Mr. Reagan then turned to Lieutenant General Colin L. Powell, his national security adviser. "Mr. President," General Powell said, "I think we're fully pro-With that, Mr. Reagan said yes. He walked out and met Mr. Gorbachev, who

had been across the hall in the Map Room with his advisers. They quietly shook hands, and the words were sealed

Only 14 months before, Mr. Reagan and Mr. Gorbachev had argued and eventually stumbled into bitter recriminations over just one word, "laboratory." In the final moments at the 1986 Reykjavik summit meeting, the Soviet leader wanted to bottle up Mr. Reagan's missile defense system, the Strategic Defense Initiative, in the laboratory, and Mr.

Reagan walked out. In Washington, they found a way out of the semantic box. They had not settled their great differences over nuclear and space defense, but they had found two new words to live by; "as required." This was less than Mr. Reagan had

Iran Is Said to Use New Device to Set Tankers Afire

on board could extinguish usually with no help from fire-fighting riot supertanker Pivot, following

wanted. Just three days earlier, on the day Mr. Gorbachev arrived, Mr. Reagan had approved a secret directive setting forth much broader negotiating objectives on space defense than he was able to achieve in the meetings with Mr. Gorba-chev. By the same token, Mr. Gorbachev was unable to obtain his goal of putting limits on the U.S. anti-missile program. The result means that, at least for now, each side will go its own way in the space defense area.

The final moments spoke volumes about the Washington summit meeting. This 16th meeting of U.S. and Soviet leaders since Franklin D. Roosevelt and

Sandinist Military Chief Outlines Major Buildup

A blaze on the 232,000-ton Cypentrance of the Strait of Hormuz.

Josef Stalin first met in the throes of World War II, the third on U.S. soil, and the third between these two men, did not mark a great breakthrough in the long, difficult history of the relationships between the two nations. As the two crucial words suggested, it was a meeting of pragmatic advances, of measured steps along a path marked out in Geneva in 1985 and Reykjavik in 1986. As they stood on the rainswept South Lawn of the White House on Thursday,

both Mr. Reagan and Mr. Gorbachev proclaimed it a success. For the first time, the two most heavily

See SUMMIT. Page 5

U.S. Says It Awaits Results

Caution Urged In Aftermath Of the Summit

United Press Internultoni WASHINGTON - Reagan ad-

ministration officials mixed confidence with caution Sunday, predicting progress on arms control but warning that it is premature to express euphoria over the Washington summit meeting. Vice President George Bush said

the treaty to ban intermediaterange nuclear forces signed by Ronald Reagan and Mikhail S.

The U.S. secretary of state has rejected the idea of a Nordie nuclear free zone. Page 5.

Gorbachev last week was an "important psychological point" in the arms race because it marked an agreement to destroy weapons. But in one of a round of post-

programs, Mr. Bush said the treaty does not mean the U.S.-Soviet relationship has been transformed. To suggest that we have some suphoric agreement now on where

mortems on television interview

we go in the world is not true," he Despite Mr. Gorbachev's winning ways and mastery of public relations, Mr. Bush said: "This man is tough. You know Gromyko

was right - nice smile, but teeth of iron." He was referring to Andrei A. Gromyko, the Soviet president and former foreign minister.

Both Mr. Bush and the White House chief of staff, Howard H.

Baker Jr., stressed that President Reagan had no illusions about Mr. Gorbachev, the Soviet leader. Their assurances came at a time when Mr. Reagan was being criticized by some conservatives for the arms accord, and for generally being too friendly with the Kremun. One of those voicing caution has

been Bob Dole of Kansas, the Sen-See ARMS, Page 5

Martens Heads For Defeat in Belgian Poll

Reuters BRUSSELS — Prime Minister

Wilfried Martens appeared to be heading for defeat in general elec-tions Sunday after leading Belgium through six years of economic aus-With about 20 percent of the

seven million votes counted, computer predictions indicated that gains by the opposition Socialists would deprive his center-right co-alition of its majority in the 212seat Chamber of Deputies.

"It's obviously a great disap-pointment," Mr. Martens said in a elevision interview. He added: "It's not possible for

me for the moment, on the basis of the figures I have before my eyes, to form a coherent and stable govern-The election, called early be-

cause of renewed feuding between Belgium's French- and Dutchspeakers, follows six years of eco-nomic austerity from the four-party coalition of Christian Democrats and Liberals, each of which has a See BELGIUM, Page 5

DUBAI — Iran is using a new device to set fire to tankers in the



Wushington Pasi Service der arms by 1995 and equipping invasion and "let the gringos know the Sandinist armed forces with ad-

vanced Soviet-made MiG fighter

By William Branigin

ington by a high-level Sandinist military buildup. military defector, Mr. Ortega out- ["We would view such an introlined plans Saturday to continue a duction of advanced Soviet weap-15-year military buildup that he onry into the region as a serious

"This is a right that we are not going to renounce, whether Mr. Reagan likes it or not," Mr. Ortega MANAGUA — The Sandinist said in a combative 90-minute government is engaged in a long-term military buildup aimed at purting up to 600,000 Nicaraguans uncessary to resist an eventual U.S.

[In Washington, Lieutenant planes, missiles and artillery, De-General Colin L. Powell, President tense Minister Humberto Ortega Ronald Reagan's national security
Saavedra has confirmed.

Ronald Reagan's national security
adviser, indirectly warned Sunday In a move apparently intended both the Soviet government and the to pre-empt revelations in Wash- Sandinists not to undertake such a

matter." General Powell said in a

ings. Whatever hit the Norman At- an Iranian attack on Saturday, burning for four days following an lantic and the Pivot caused devas- forced most of the 44-member crew attack by Iranian gunboats as it

to abandon ship. It took four fire-

of U.S.-Soviet relations and would including what were described as ures for projected Sandinist armed not be in the best interests of the secret military cooperation protopeople of Central America for such cols with the Soviet Union. The weapons to be introduced in the protocols reveal projected in 300,000, and we are going to make

East Bloc countries to learn how to arms in the next seven years. use the expected equipment.

The United States was launching disclosures by a close dide to Mr. Ortega, Major Roger Miranda Ben-After the interview, the U.S. gov-ernment made available some doc-

The Norman Atlantic sank after

See GULF, Page 5

The United States was launching

goethes, who defected to the United States on Oct. 25 and was nater-viewed by U.S. reporters last week. countries in the field of defense," Mr. Ortega said. This is a right of our country,

would never cut such relations because of U.S. pressure. Major Miranda said that the last week. One of the tankers sank.
"In the past," a shipping agent said, "some kind of insaid, "projectiles fired by the Iranians caused only small holes in the which turns the ships into torches."

A blaze on the 232 000-ton Cvo.

plans detailed in the documents he Nicaraguan armed forces, including militias and reserves, will grow from 250,000 members at present to 370,000 by 1990 and to 500,000 to 70,000 by 1990 and remain at that level, he said.

television interview. "I would sug-uments that they said Major Mir-Mr. Ortega, in his extemporanegest it would not be in the interest and a had brought with him, ous speech, gave even higher fig-

creases in manpower and Soviet- the effort to have 600,000 men or-Mr. Ortega said that Nicaragua supplied equipment that, if imple-ganized in the echelous of the gen-has hundreds, if not thousands, of mented, would put about one-fifth eral delense of the country," he officers who were being trained in of Nicaragua's population under said adding, "We do not renounce having more modern armaments adequate for our defensive sys-tem." He said this included lighter planes, anti-aircraft missiles, tanks, artillery and armored vehicles.

Mr. Ortega's assertions came as reports circulated in Washington that Mikhail S. Gorbachev, the Soviet leader, in a session with Mr. Reagan last week, had offered to suspend Soviet military aid to Mahe said, adding that Nicaragus nagua if the U.S. aid to rebel forces was not resumed.

If carried out, the planned buildup would outstrip other Latin American countries' military cabrought with him show that the pacity in percentage terms, West-Nicaraguan armed forces, includent observers said. More than 20 percent of Nicaraguans would be under arms. By comparison, according to U.S. estimates. Cuba has by 1995. The plans call for the a total of about 1.6 million people regular army to shrink from 80,000 in its armed forces, reserves and

North Pole East: The Real Story

- IAI SERINE In Hong Kong, No Reindeer or Snow but Much Green Tea

By Patrick L. Smith International Herald Tribune

HONG KONG - Here's a truelife look at Santa's workshops for those who've graduated from rompers. One of them is a 15thfloor factory in the congested Kowloon industrial district, where the ventilation is not good and even the streets reek of noxious petrochemi-

Another is down a dirt road in Shenzhen, a Chinese special economic zone bordering Hong Kong. The work gets done and the orders are met — most of the time — despite spotty electricity supplies, poor telephone service and a distinct shortage of reindeer.

Santa's Asian helpers earn as much as \$12 daily, not much by North Pole standards but still a source of concern to the round man and all his cost-conscious purveyors. And that is not hot cocoa they are drinking as they pore over this year's production; it's cheap

Hong Kong's 2.005 toymakers. who produce more dolls, ducks, miniature Porsches and mechanical Godzillas than anyone else in the world, come in all shapes and sizes,

tronic parrots wired for sound, remote-controlled semitrailers and toy computers.
Hong Kong's close competitors have their specialties. The South

Koreans, for instance, are very big in "plush," which means stuffed toys covered in acrylic fur. Taiwan Prospects for U.S. toy compa-nies are bleak this midwinter,

analysts say. Page 11.

producers lean toward toys that have a structural metal base, such as tricycles and tennis rackets. Equally, Hong Kong has its limi-tations. Wooden toys will never be

its strong point, since there is no ready supply of wood in the territo-ry. Nor will Hong Kong go in for large, bulky items that cost a lot to ship.
But if toy companies want Rubik cubes or Cabbage Patch dolls, and they need 8 million to be only one day, there seems to be only one place to go, according to industrial-

ists, agents, buyers and others in the industry. And that is Hong Rong, "We're the world's experts," said Bill

have not yet graduated into mov-able parts. Others turn out elec-tronic partots wired for sound, re-make the maximum number of toys in the fastest time at the best price and with the right quality. That's

Gulf, shipping sources said Sun-

They said Iranian gunboats used

either a new weapon or fired a new

kind of incendiary projectile from weapons already in use to touch off

the fires that enveloped two tankers

Flexibility and versatility in one of the world's most fickle markets have put toy production, along with garments and electronics, among Hong Kong's largest industries. And to no one's surprise, local toymakers are heading for a record year.

Although there is widespread concern here about the buying power of U.S. consumers, the effects of a recession in the United States, Hong Kong's largest cus-tomer, would be felt only next year. For 1987, industry experts forecast growth of about 10 percent

worth of toys - another record were exported. At this stage in the cycle, that is not a risky prediction. Christmas starts early in Hong Kong — 14 months early. Local producers

over last year, when \$2.1 billion

December 1988.



Two youngsters discuss toy prospects in a French shop.

have been busy since late October preparing molds, prototypes and mock-up samples of what might cia. Nuremberg, Paris, New York find its way into St. Nick's sack in and Hong Kong.

April The final shipments leave by markets for Hong Kong producers is their own. Chiefly because of a pervasive fear of being quickly imi-

like the gadgets they manufacture.

There are factories with 10 workers and factories with 3,000. Many

The toy fairs start after the first fications are made, orders placed country country of the year—first in Harrogate, in and toys put into production by where. December 1988.

The toy fairs start after the first fications are made, orders placed countries (15 percent) and else-tated, both designers and manufacture in Harmonate in and toys put into production by where.

See TOYS, Page 5

Based on buyer responses, modi-output, for the Common Market pervasive fear of being quickly imi-

No Breakthrough Toys For Europe This Year

ain and West Germany can be be- allow them to dictate taste or lieved, there will not be a single trends. best-seller this season. It has not been that way in recent adapt their toys to the German Christmases past. Parents and toy-market," he said. "War toys, for

sellers can recall youngsters example, are not very popular in screaming for such hits as pocket- Germany. Imported, for the most size computer games, Cabbage part, they represent only 0.2 per-Patch dolls and robots transformable into, say, rockets. But now, industry sources report, traditional toys are back in

style: dolls, stuffed animals, board ames. One of the better sellers in the latter category in all three coun-tries is Mattel's "Masters of the Universe," all about space heroes — the child does not have to think. who combat evil.

And Mattel's Barbie doll, al- out a child's creativity." though approaching 30, is still pop-

Two broad toy types dominate the market. One is the television-related item, produced mostly by U.S. and Asian companies. The other is the Europe-created toy that requires children to add their fantasies and imagination to the play-

time experience. Benno Korbmacher, director of

By Kurt Ruderman
International Herald Tribune
PARIS — What are the smashthe Nuremberg Toy Fair and the
West German Toy Federation, said
that although he believes that the hit toys that Santa Claus will be toy market is international, the handing out this year?

If the toy makers of France, Britfacturers is not large enough to

> Horst Brandstätter, owner of Brandstätter GmbH, producer of the popular Playmobil line, said that "the difference between our toys and American toys like Mat-

The Americans are forced to

We believe that toys should bring The U.S. influence was discussed in Brussels in November, during a meeting of the European Toy Institute, according to Gordon Webb, of the British Toy and Hobby Manufacturers Association. " French are very preoccupied with the American challenge, especially

See SANTA, Page 5

President Kurt Waldheim's wartime activities have generated controversy for nearly two years. The report of an international commission on his record as an intelligence officer with a German unit in the Balkans is expected next month. Michael Lingens, the former managing editor of Profil, Austria's most respected news magazine, first broke the story of Mr. Waldheim's past. He spoke recently to the IHT's Ferdinand Proteman: Q. You recently estimated the odds of

Mr. Waldheim stepping down at 70 to 30 against. Do you still hold that view?. A. Yes. If the historical commission doesn't produce evidence that he personally committed war crimes, which I don't think it will, then those odds remain.

Q. Do you believe he should step down? A. When this began, I felt he should withdraw his candidacy because he did not tell the truth about his past, and later did not find the correct words to judge his past. One simply cannot say, "I only did my duty," if one was a member of a staff that commanded war criminals. But I don't believe Waldheim should step down because he won't be received abroad. One shouldn't bow to foreign pressure, but act from one's own moral values.

Q. Would his resignation end the turmoil? A. Unfortunately, there is no solution. If he stays, it's bad for the country because it hurts us internationally. He goes and it's the majority of Austrians stand behind him parties react to the story?

By Seth Mydans

New York Times Service MANILA — The myriad securi-ty concerns of the Philippines came to the fore during the weekend on

The leaders of the Association of Southeast Asian Nations began ar-

riving Sunday for their first gather-

Helicopters, coastal patrol boats,

bomb-sniffing dogs and a security force of 10,000 men have been de-

ployed against possible threats from rightist bands, Communist re-

bels or any others who might wish

to embarrass the government of President Corazon C. Aquino.

er of an attempted coup in August and of a bomb expert linked to

former President Ferdinand E.

Marcos have boosted the confi-

But the military's chief spokes-

man, Colonel Oscar Florendo, said

that security forces "should not be

lulled into believing there are no

Mrs. Aquino said that the repu-

tation of her government rested on the successful completion of the

the sometimes skeptical visiting

After the coup attempt, officials of the other ASEAN nations —

Indonesia, Malaysia, Singapore,

Thailand and Brunei — raised questions about the possible can-

cellation of the Manila meeting.

The meeting became a matter of

dence of the Philippine hosts.

The arrests last week of the lead-

summit meeting.

ing in 10 years.

Security Strict in Manila

On Eve of ASEAN Talks

panied the opening of a "democratic space" that invites leftists to take

part in politics has caused concern among neighboring nations.

Warnings by armed rightist

vernment have made the meeting

groups that seek to destabilize the

ered and defused, or have exploded with some injuries, in what have been seen as warnings of possible violence when the leaders gather.

In response, the Philippines has

permitted its guests a virtually free hand in augmenting their own se-

Philippine officials said six Indo-

nesian warships and four Malay-sian vessels had been deployed in

Manila Bay in case of any major

vocal about its security concerns, is

reportedly bringing a helicopter and at least one bulletproof car.

Preliminary meetings began Sat-

urday among foreign and economic

ministers to complete agreements

The Japanese prime minister, Noboru Takeshita, is scheduled to

Communist rebels said Sunday

down their street war in Manila,

which has claimed 100 lives this

The offer, by rebel officials, was

made public hours after the police

blamed the Communist guerrilla

New People's Army for launching a

year, Reuters reported.

to be signed by the six leaders.

join the meeting Tuesday.

She said she hoped to prove to Rebels Consider Truce

leaders that "we are not only very they were considering a Christmas

national honor for the Philippines. daring attack on a police command

The instability that has accompost on the outskirts of the city.

THALASSA

Indonesia, which has been most

focus of the uncasiness. Several bombs have been discov-

O. What about his membership in two Nazi organizations? A. He was not a Nazi, more an anti-Nazi. His memberships in the National Socialist Studentenbund and the SA Reitercorp are

MONDAY O&A

not counterevidence. These were entirely subordinate Nazi organizations. It was possible to be a member without even knowing it yourself.

Q. Is such historical insight relevant to the ly disputed everything, even when it was current situation?

A. These conditions must be known to assess the situation accurately - many American journalists unfortunately don't have the slightest idea. Austrians are correct in rejecting the suggestion that he was a Nazi and war criminal, at least from the known evidence. It is always possible new, very damaging documents could surface.

Q. Why do many Austrians now openly say he should leave? A. What many people dislike about Waldheim is his lack of love for the truth. I say

Q. How did Austria's two main political

politicians lie about their past. It doesn't scorn for the whole affair. particularly stir people up.

article what was your motivation?

A. The truth. Rumors were flying around that The New York Times would publish material against him. We asked him if he had anything to fear and said we would check his answers. We found the two memberships. It bothered us that he didn't touch this at all in his antobiography. We also thought he would express himself more reasonably. Only when he continual-

A. To his credit, he was under a certain shock, suddenly being accused as a war criminal. But I regard Waldheim to be roughly about as clever as he was dynamic, efficient and successful as UN Secretary General. And he was badly advised.

me, personally.

bad for the Jews who live in Austria, because some people will claim "World Jewwith the question of whether or not he lied.

A. The Socialist Party in some way joined the reporting against him, hoping the accusations would hurt. They didn't do it out of anti-fascist conviction, but to weaken the A. It has happened so often here that opposition candidate. That only aroused

> Q. When you wrote the first Waldheim A. In 1975, the Socialist Party proposed Friedrich Peter to be president of parliament. He had been a member of a Waffen SS death brigade in Russia that killed hun-

dreds of thousands of people, including women and children. Naturally, he concealed this, and when finally asked about it, said, "I only did my duty." So the criticism of Kurt Waldheim struck Austrians as mendacious.

proven, did we oppose him. His comment about doing his duty, finished him off for Q. And the People's Party? A. They saw the chance, after a very long time, to win an election. That made Alois Q. Why do you think he has behaved so clumsily in this matter? grace began when the affair started heating up more and more anti-Semitism. Alois Mock and his secretary-general, Michael Graff, apparently speculated politically with this anti-Semitism. They never gave a single television interview in which they didn't use sentences which were greedily snapped up by many latent anti-Semites here. In my eyes, such conduct is much worse than Kurt Waldheim's.

After Voting, South Korea Faces Time Of Testing

By Fred Hiatt Washington Post Service

SEOUL -- South Koreans will vote this week amid fears of violence, intimidation, vote-buying, biased media coverage, bailot-box stuffing and other forms of fraud. That will be the easy part.

The real test will come, many people here believe, after the voting on Wednesday. South Koreans are gambling that, after 26 years in power, an authoritarian, militarydominated elite will give way to democracy without a violent revolution or countercoup.

Many Koreans say that their literate, increasingly prosperous pop-ulation is in a better position to pull off such a political miracle than most societies are. Despite all of the fears and rumors to the con-trary, they say, the nation has conducted this presidential campaign with remarkable restraint. But they also acknowledge that the problems facing them in the

days, weeks and months after the election are more than formidable, "No matter who wins," a busi-nessman said Sunday, "it's going to

Wednesday's victor, who is al-most certain to receive less than 50 percent of the vote, will face grave challenges from the start. If it is the ruling party's nominee, Roh Tae Woo, the danger will be a popular uprising questioning the fairness of the vote; if an opposition candidate wins, the threat could come from the army

Some Koreans already are stockpiling rice, noodles and other sta-

ples in anticipation of trouble, a source said Sunday. "The guy's going to be shaky no matter who wins," a Western diplomat said, "Sixty percent of the peo-ple will have voted against him." If the winner survives the immediate challenges, he will bump into longer-term and possibly graver problems: trade pressure from the United States that could slow South Korea's export-led economy, virulent regional projudice fanned by the campaign and rising expec-tations among all sectors of society after a year of exceptional econom-

Whoever becomes the president, there will be strikes this spring, and they will be difficult to control," Kwack Taewon, an economist at the Korea Development Institute, said last week.

Mr. Kwack and others find some grounds for optimism. They cite the fundamental soundness of the economy, for instance, and a budgetary cushion from the sale of govment corporations planned for the next five years.

Several people interviewed said that the Olympic Games, sched-uled to be held in Scoul next Sertember, will serve as a brake on all special interest groups, since the games are a point of pride for this dinner guests liqueurs, candy and developing nation that no one

But the prospect is far less rosy than many people expected when The current Mr. Scindia is Mr. President Chun Doo Hwan, acced-Gandhi's minister of state for rall- ing to weeks of street protests, roads. In the town of Gwalior, promised six months ago to allow where there was singing and cele-this election. Mr. Chun's conces-brating throughout the evening, sion seemed to pave the way for a people said he had improved the showdown, after years of coups lown's rail connections with other and constitutions imposed to prolong regimes, between the forces of

Mr. Scindia, 42, was elected to parliament in 1984 as part of the new wave of young people brought in by Mr. Gandhi, and has been took shape, however, because the two long-time leaders of the opposition, Kim Dae Jung and Kim nocratic opposition and the rulsition, Kim Dae Jung and Kim But as the scion of a feudal fam-Young Sam, both decided to run, ily that has built temples, schools, With the entry of a fourth candipalaces and other monuments all date, former Prime Minister Kim over India, Mr. Scindia also has Jong Pil, the campaign turned into been heir to more than a few a bitter, name-calling affair with no princely headaches. He is barely on clear favorite and no candidate

who also is in Parliament — as a leader of the opposition National With poll takers predicting that a one-third plurality might bring vic-tory. Kim Dae Jung has concen-The newspapers have gleefully reported the Scindia family feads trated, with increasing ferocity, on over money, politics and property. warning the government not to Many say that Vijaya Raje Scindia "steal" the election.

speaking terms with his mother, who seemed to rise above personal

Many say that Vijaya Raje Scindia "steal" the election.

—known as the Rajmata, or queen mother — was furious when her a huge rally in Seoul on Surious when her a huge rally in Seoul or Surious when In the text of a speech he gave to son joined the governing Congress Mr. Kim warned that committing Party because she had been jailed election frand could lead Mr. Chun Party because she had been jailed election frand could lead Mr. Chun during the 1975-77 state of emerto a fate like Choi In Kyu, a home gency imposed by Mr. Gandhi's affairs minister who was executed mother and predecessor. Prime for masterminding vote fraud before a 1961 comp.

fore a 1961 coup. Mrs. Scindia had in fact sched-An aide to Mr. Kim, T.C. Rhee, said that if Mr. Roh wins through uled an anti-government demonstration for the wedding day but cheating "there will be a rebellion, postponed it. "I'm just a grand-there will be a revolution — a revomother today, not a politician," she said at the wedding. lution in the sense that there will be blood, there will be weapons."

WORLD BRIEFS

Bishops Clarify Stance on Condoms WASHINGTON (UPI) — In response to hundreds of phone calls questioning the Roman Catholic bishops' stand on the use of condoms. the church has issued a clarification, maintaining that a major policy statement on AIDS, or acquired immune deficiency syndrome, did not

advocate use of the birth control device. Archbishop John L. May, president of the National Conference of Catholic Bishops, cautioned Catholics on Saturday to read the statement carefully. "I want to stress that our statement does not call for any changes in the church's constant teaching concerning proper moral behavior," he said. The statement did say that Catholic schools should

develop materials on AIDS prevention. The archbishop said the bishops have criticized "campaigns promoting condoms to prevent transmission of the AIDS virus." He said their statement "urges abstinence outside of marriage and fide at the only marriage as well as the avoidance of intravenous drug abuse as the only morally correct and medically sure way to prevent the spread of AIDS.

Aden Sentences Ex-President to Death

ADEN, South Yemen (AP) — The Supreme Court has sentenced former President Ali Nasser Mohammed and 33 supporters to death. The deposed leader was quoted Sunday as calling the verdicts a "fresh"

In an interview with the Abu Dhabi newspaper Al-Ittihad after the sentences were handed down Saturday, Mr. Mohammed warned that the move threatened national security. He was convicted of treason for activity war in January 1986, when he was deposed after 12 days of battless. een rival wings of the governing party. Mr. Mohammed lives in extle with thousands of his supporters along the mountainous border regions of North Yemen.

The verdicts marked the end of a yearlong trial of 142 people. Of these, 48, including Mr. Mohammed, were tried in absentia, and 18 were sentenced to death. Of the 94 in custody in Aden, 16 were condemned to

30 Dead, 66 Hurt in Soviet Rail Crash

MOSCOW (Reuters) — Thirty people were killed and 66 injured when freight train hit a stationary passenger express train in the Soviet epublic of Georgia last month, the Communist Party newspaper Pravda said Sunday.

The crash at the station in Ruisbolo, 25 miles (40 kilometers) southeast

The crash at the station in Ruisholo, 25 miles (40 kilometers) southeast of the Georgian capital of Tbilisi, occurred Nov. 29. The passenger train was carrying mainly servicemen.

Soviet television reported Saturday night that the chief of the Transcancasian railroad network, G. Maisuradze, and his deputy, Y. Kapanadze, were dismissed after the accident. The driver of the freight train, who was reported to be asleep when the crash occurred, was killed.

Gunmen Kill 2 Policemen in Soweto

JOHANNESBURG (WP) — Gunmen with automatic rifles fired at a police vehicle in Soweto late Saturday, killing two black policemen and wounding four others, the authorities said Sunday.

It was the most serious attack on the South African police in several

months and underscored warnings by the government that black nationalist guerrillas planned to escalate violence before Christmas.

The police in Pretoria said the shooting took place in the Meadowland section of the black township. The gunmen fired from a vehicle and escaped, a police spokesman said.

Jailed Kenyan Lawyer Is Released

NAIROBI (WP) - A prominent Kenyan lawyer, whose nine-month

detention without trial triegered workdwide protests about human rights abuses, has been freed by order of President Daniel arap Moi.

The release of Gibson Kaman Kuria, 40, an Oxford-trained lawyer who specialized in defending political prisoners, came as Mr. Moi delivered an angry speech denouncing human rights organizations that "interfere with care internal affairs."

Mr. Kuria was arrested at his Nairobi law office in February on the day after he had filed suit against the Kenyan government on behalf of three political prisoners. The lawsuit alleged that the police had tortured his clients to try to coerce confessions of seditious activities.

For the Record

Thousands of sinders and faculty members at the University of Foreign Economic Relations and Trade in Beijing attended a memorial service Saturday for a student whose death by stabbing at a campus store sparked calls for tighter security and better medical care.

(A)

The Liberation Tigers of Tamil Eelant in Sri Lanka pledged Sunday to ih rival separatist least three people.

A Philippine Airlines place disappeared Sunday with 15 persons aboard during a domestic flight to Mindanao island. A rescue official said & twin-engine turbo-prop plane was on a flight from the island of Cebu to Iligan City, 150 miles (240 kilometers) to the south.

(AP)

TRAVEL UPDATE

Italian Train Engineers on Strike

ROME (AP) - Italian train engineers began a 24-hour spontaneous strike Sunday afternoon, while government ministers met with Alitalia and union officials to try to keep airports open Monday.

The airport strike was called for all day Monday. By late Sunday

afternoon, there was no word on the progress of negotiations to avert that walkout, and foreign airlines said they were expecting substantial delays.

The strike by the train workers came in defiance of an agreement reached Saturday between the state-run rail system and Italy's three trade mion confederations. The rail strike was scheduled to end at 4 P.M.

· Nigeria has threatened to suspend air traffic with Britain beginning Feb. 12 over a dispute about landing rights.

(AFP) A 37-mile (60-kilometer) stretch of the West German autobahn be-

tween Cologne and Aachen was closed Sunday for three hours because of fog. It was the first time that a part of the autobahn network, which hat a no speed limit, was closed. (Reuters)

Air France baggage handlers began a 24-hour strike Sunday at Ori
Airport near Paris as Air France pilots ended a four-day strike. (AFP)

Banking and government offices will be closed or services curtailed in the following countries and their dependencies this week because of national and religious holidays: WEDNESDAY: Bahrain, Bungladesh, Namibia, Nepal, South Africa.

THURSDAY: Bhutan. FRIDAY: Niger.

Source: Morgan Guaranty Trust Co. Remera.

IT SEEMS MY VOTE IS NEEDED



DOONESBURY

This Week's Holidays



ZONKER!

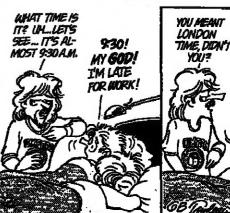
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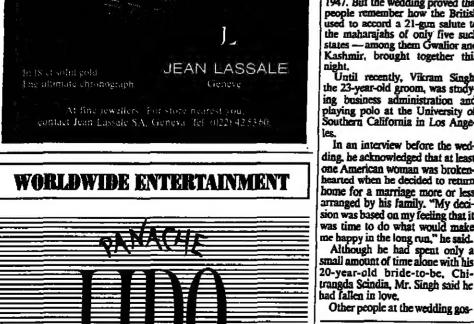
IMPORTANT

THING IS HE'S

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in the world. 8 p.m. dinner dance, champagne and show F 495. 10.15 p.m. and 0.30 a.m., champagne and show F 340. Service included. 116 bis, Champs-Elysées, Pans-Telex 641433 F Tel.: (19-1) 45.63.11.61 and agencies.



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A 'Royal Wedding' Is Rich in Color and Controversy siped about how the event repre-sented an alliance of two promi-By Steven R. Weisman The maharajah was a wellknown railroad buff who served his New York Times Service GWALIOR, India - The slim nent politicians who continue to be cigars on a tiny silver toy train that wants to jeopardize. young prince arrived in a silver addressed as maharajah but probably draw more power and prestige as friends of Prime Minister Rajiv carriage, wearing a scarlet and gold rolled on tracks atop the banquet tunic draped with pearls, diamonds and rubies. The princess emerged The two fathers had promised a from an immense fairy-tale palace low-key event, and indeed only one that shimmered with strands of elephant led the bridegroom's pro-Then as 20,000 guests applauded, the son and daughter of two of India's wealthiest and most influ-

'It is an interesting and perhaps unusual alliance, rather like a Rockefeller

maharajah of Kashmir

cession. The bride's father, Mad-

havrao Scindia, decreed that no food or drinks would be served in

deference to the misery spread by

The wedding was the year's big-gest celebrity event, drawing a glit-

tering array of the wealthy and the

famous, including the king of Ne-

pal, a relative of the bride's mother. Mr. Gandhi, who had attended an

earlier engagement party, apparently decided it was impolitic to

The wedding also had its share of historical irouies. It was from the rambling, Italianate Jai Vilas Pal-

ace, for example, that Mr. Scindia's

grandfather took the prince of Wales on a tiger shoot in 1922.

By Steven Greenhouse

drought in northern India

Prince Vikram Singh, 23, sitting across from his veiled bride, 20-year-old Princess Chitrangda Scindia, during the wedding ceremony at the Jai Vilas Palace in Gwalior, India.

In India, 'Happy Synchronicity'

as it was in pageantry.

Many in India deplored the cele bration Friday as a case of gaudy excess, a throwback to a time best marrying a left behind. But others saw it as a Kennedy.' — Karan Singh, former

sumptuous "royal wedding" that called attention to traditions the country is in danger of forgetting. "It is a happy synchronicity that may never recur in India," said Karan Singh, a former maharajah of Kashmir, former cabinet minisier and father of the groom. "In today's context, it is also an inter-esting and perhaps unusual alli-ance, rather like a Rockefeller mar-

ential former maharajahs were

married under a red and gold cano

py in an outdoor ceremony as rich

in political and social controversy

white lights.

rying a Kennedy."
India abolished royal titles when it absorbed 300 autonomous princely states at independence in 1947. But the wedding proved that people remember how the British used to accord a 21-gun salute to the maharajahs of only five such states - among them Gwalior and Kashmir, brought together this

night.
Until recently, Vikram Singh,
the 23-year-old groom, was studying business administration and playing polo at the University of Southern California in Los Ange-

In an interview before the wedding, he acknowledged that at least one American woman was brokenhearted when he decided to return home for a marriage more or less arranged by his family. "My decision was based on my feeling that it was time to do what would make me happy in the long run," he said.

Although he had spent only a small amount of time alone with his 20-year-old bride-to-bc, Chirangda Scindia, Mr. Singh said he ad fallen in love.

New York Times Service PARIS - France is coming under heavy criticism over its expulsion of 17 members of an Iranian leftist group in what some assert is part of a deal to free French hos-Since the members of the Muja-

hidin Khalq — 14 Iranians and three Turks — were put on a plane to Gabon on Tuesday, France has received protests from British. French and Italian parliamentarians and American congressmen, as well as the United Nations high commissioner for refugees. In addition, many French socialists and religious figures criticized

the expulsions, and even the government's minister for human rights joined the chorus.

The expulsions came 10 days after pro-Tranian terrorists in Beirut freed two French hostages, Roger Auque and Jean-Louis Norman-

din. Several newspapers have asked tolerate that people carry out on whether the expulsions were in exchange for their release, or a down tend to make terror reign in one payment for that of three other
French bostages still held.
President François Mitterrand

up of several dozen Muiahid

asked the government of Prime members, he said they had engaged Minister Jacques Chirac to justify the expulsions. And Claude Malhurer, Mr. Chirac's minister for hu-some Iranians in France who had man rights, said he had doubts refused to contribute to their cause. about expelling Iranians to whom France had granted asylum. Mr. Mitterrand said he had in-

People's Party.

quired about the expulsions because the right of asylum is recognized by the French Constitution. He added that Interior Minister He added that it would be hard to but saying the procedure of "absolute tirgency," a procedure commonly used for Basque extremists, was involved to avoid the 17 Charles Pasqua had sent him a letwas invoked to expel the 17.

al Assembly on Friday, "I cannot France, land of asylum."

Critics Assail Paris Over Iranians

When he announced the roundup of several dozen Muiahidin in intense propaganda activity and had made death threats against Before Parliament, Mr. Pasqua, who denied making any deal with

Iran, also said that "it isn't necessary to confuse the right of asylum. which is inalienable, with certain activities contrary to public order." present the Mujahidin, who seek to

Louis Mexandeau, a Socialist Explaining the government's member of the National Assembly, move, Mr. Pasqua told the National called the expulsions an "affront to



ON COMET, ON CUPID, AND ON PONTOONS - outposts near Ketchikan, Alaska. Reaching the Eskimo Santa Claus had to make early deliveries to get to remote communities and logging outlits requires a sea plane.

He Won the Battle of the Bottle With a Refusal to Swear Off

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EL UPDATE

mainters on Strike

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For 25 years James Almblad of Portland. Oregon, was "in an intoxicated stupor," and for the last 10 of those years he failed at his every attempt to overcome alcoholism: Alcoholics Anonymous meetings, doctors, psychiatrists, "faith healers and witch doctors," books, conferences, alcohol-abuse clubs, anti-alcohol drugs, even prayer, "although I'm an atheist." Nothing worked "beyond a day or maybe a week."

Then he hit on this technique, according to his letter to U.S. News & World Report, and for over two years it has worked:

"I wake up and tell myself: Tomorrow, I'll get drunk as a skunk - tomorrow.' Since I quit trying to figure out reasons for my alco-holism and gave up the useless attempts to stop drinking, I can relax - at ease with myself in the present because tomorrow I'm getting drunk. Never today, always tomor-

Short Takes

Only 739 people received U.S. doctorates in mathematics in the 1986-87 school year and only 362 of them were U.S. citizens, according to Edward A. Connors of the University of Massachusetts, who makes an annual survey jointly sponsored by the American Mathematical Society and the Mathematical Association of America. This is down from 986 math doctorates in 1972-73, of whom 774 were Americans. Mr. Connors blamed much of the decline on a decades-old shortage of qualified elementary school and high school

Some New Jersey cities have long com-plained about having prisons named after them, so prisons have been renamed with geographical designations: Rahway State Prison is now East Jersey State Prison, Leesburg State Prison has become Bayside State

More people are going hunting but lewer are getting shot and killed in hunting accidents. Experts credit safety courses, now required by 35 of the 50 states for anyone applying for a first-time hunting license, and laze-orange hunting clothes, mandatory in 41 states. In Michigan, for example, which requires both, the number of hunters grew from 718,000 in 1940 to 1.5 million in 1986, but gunshot deaths dropped from 35 to 9.

Priscilla Steenhock shows tourists around the small white frame bouse in Somerset, Iowa, where the actor John Wayne, was born May 26, 1907. The son of the town druggist, Clyde Morrison, and his wife, Mary, Wayne changed his from Marion Robert Morrison. Miss Steenhoek, responding to a question, said: "No, I'm not a John Wayne fan. I was raised on Gene Autry, and you really cannot compare the two."

Notes About People

Nancy Reagan was the force behind removing hard-line conservatives from the administration, according to a forthcoming book, Co.) by Michael K. Deaver, former White | ridden out of town on a rail," adding: "If it House deputy chief of staff. Mr. Deaver writes that he and Mrs. Reagan worked together to persuade President Ronald Reagan

Clark as national security advisers, Donald T. Regan as chief of staff and James G. Watt as interior secretary. Mrs. Reagan "would wage a quiet campaign, planting a thought" and "making a case: Foreign policy will be hurt, our allies will be let down." And "it was Nancy who pushed everybody on the Geneva summit" with Mikhail S. Gorbachev, the Soviet leader, in 1985, Mr. Deaver writes. "She felt strongly that it was not only in the interest of world peace but the correct move

to replace Richard V. Allen and William P.

Rear Admiral John M. Poindexter, a former national security adviser to Mr. Reagan, has retired from the navy at his permanent two-star rank of rear admiral with a \$52,764 annual pension for 29 years of service. Pentagon sources said that the navy secretary. James H. Webb Jr., had held up a request by Admiral Poindexter, 51, to retire at his higher White House rank of vice admiral until the investigation into the Iran-contra affair is completed.

Judge Robert H. Bork has broken his silence over the U.S. Senate's rejection of his nomination for the Supreme Court by a 58-42 vote on Oct. 23. He said in a speech he was mistaken in getting down to specifics before the Senate Judiciary Committee, that its members were mostly concerned that the result be "politically expedient." He remarked that "the vast majority of senators have not thought much about constitutional theory." Judge Bork compared himself to "a man who had been tarred, feathered and weren't for the honor, I'd rather have

-ARTHUR HIGBEE

Senate Bill Includes Funds for Contras

has approved a \$606 billion catchall appropriation bill that includes deadline for the enforcement of \$7.6 billion of the spending cuts federal clear air standards in about required by the budget compromise 60 urban areas. House. It also includes about \$16 the passage of the nonmilitary aid an innonmilitary aid for the block to the Nicaraguan rebels, known as

which approved its own version of for the rebels. A conference com-mittee will begin working out differences early next week.

the House, Jim Wright of Texas, shelter and medical supplies and said that the aid proposal, which services. In addition, it would proincludes \$9 million in nonmilitary supplies and \$6 million to \$7 million for transportation costs, "is Senator David L. Boren, Democrat clearly not acceptable."

But aides to the House Republi-Democratic representative said they thought it could be approved. President Ronald Reagan has can of Alaska and the sponsor of threatened to veto the entire spending bill if it does not include nonmilitary aid for the rebels.

"Something is going to survive the conference because the president is insisting on something in there," said Representative Robert H. Michel of Illinois, the Republi-can leader. "There will be some-thing there but I am not sure what the magic figure will be."

The appropriation bill is one of two measures that are needed to carry out the deficit-reducing package agreed to last month by conssional leaders and the White House. Under the agreement, the deficit for the 1988 fiscal year, which began Oct. 1, would be reduced by \$30 billion. The deficit is now projected to be as high as \$179 billion without any action to reduce it.

The other bill, which the Senate approved early Friday, provides \$9 billion in tax increases and \$17 billion in spending cuts, lees for the use of government services and sales of federal assets. Except for a three-year extension of the 3-percent telephone excise tax, the increases in 18 taxes would affect for the most part corporations and wealthy individuals. The House of Representatives approved its ver-sion of this bill in October.

Dozens of other amendments were approved by the Senate, including a proposal allowing the re-

Ozal Ends Checkup in U.S.

ANKARA - Prime Minister. Turgut Ozal of Turkey returned home Sunday following eye surgery and medical checks in the United

Nicaraguan rebels.

The bill was approved. 72-21, an unusual standing vote in which just before 3 A.M. Saturday after senators are counted but the tally is 17 hours of debate. It now goes to not announced. This was the first the House of Representatives, direct vote on continued aid to the contras by the Senate, which was the bill last week without any aid taken over by the Democrats this

The Senate amendment would erences early next week. provide \$9 million through the end
A spokesman for the speaker of of February for food, clothing. vide money to pay the cost of transof Oklahoma, who heads the intelligence panel, said this transportacan leadership and an important tion aid could total \$6 million to \$7 million.

Senator Ted Stevens, Republi-

Canada Rearrests U.S. Businessman In High-Tech Plot

New York Times Service VANCOUVER, British Columbia - Charles McVey 2d, an American fugitive wanted in the United States in connection with a multimillion-dollar plot to sell advanced technology to the Soviet Union, was rearrested in a courthouse here seconds after the judge freed him on an extradition warrant.

At the extradition hearing Fri day, Judge Raymond Cooper cited major errors in the documentary evidence supplied by the U.S. gov-ernment and released the 64-yearold California businessman. But Mr. McVey remained free for only about 30 seconds.

As he walked from the court, he was rearrested on new charges by the United States that he and others had transported stolen computer software from California to British Columbia. He was taken into custody again and is to appear in court again on Wednesday.

At the Friday bearing, Mr. McVey was accused of being the ringleader of a complex plot to export sophisticated computer hardware illegally to the Soviet Union through Switzerland and Mexico. The charges said that millions of dollars worth of U.S. computers wound up in six Soviet scientific agencies, including the Soviet Space Research Institute, the Atomic Energy Institute and the Computer Research Institute.

planes carrying the nonmilitary supplies. He estimated there could be about \$1.5 million of military

supplies that could qualify.
In an effort to tie the money to the peace negotiations under way in Central America, the amend-ment says that if a cease-fire is negotiated between the contras and of shoulder-fired Stinger anti-air-the Sandinist government of Nica-ragua by Jan. 17, the supplies and months. The administration wants for distribution.

By Jonathan Fuerbringer sumption of military and economic aid to Pakistan, the sale of Stinger anti-aircraft missiles to Bahrain, as approved a \$606 billion catchall appropriation bill that includes sumption of military and economic the contra aid amendment, said the contra aid amendment aid amendme pired. The nonmilitary aid expires next week, and the Democratic leadership in the House so far has opposed efforts to renew it while

the peace process continues.

Another amendment the Senate approved was one to allow the sale the transportation money would be to sell 60 to 70 or the missing the transportation money would be abhrain, but the Senate Appropriations organizations. Committee had included a ban on such sales in the bill.





Defector Cites Sandinist Ploy on Arias Plan

By Joe Pichirallo and Terri Shaw Washington Past Service

WASHINGTON - A former senior aide in the Nicaraguan government who defected to the United States in October says the Sandinists have adopted a strategy to turn the regional peace plan signed by Nicaragua and four other Central American countries into a "weapon" to consolidate Sandinist

In his first interview since defecting Major Roger Miranda Bengoe-chea said last week that, acting on the direction of the Nicaraguan defense minister, he oversaw the diversion of \$1.4 million in Defense Ministry funds to a numbered Swiss bank account for the personal use of the minister, Humberto Ortega Saavedra.

U.S. officials consider Major Miranda, who has been extensively debriefed by the U.S. Central Intel-1 ligence Agency, to be credible and to represent a major breakthrough in penetrating the Sandinist hierar-

est aides. He said the major, whom he called alternately the "little worm" and "traitor Miranda," had had access to "important military information and documents" and had taken copies of some records.

He charged that the Reagan adformation and mount a "propagan-da show" against the Sandinists to undermine the Central American peace process.

As head of the defense minister's secretariat since 1982, Major Miranda said he had access to minutes of closed meetings of the nine-member National Directorate of the Sandinista National Liberation Front, which rules Nicaragua, He said he also acted as a liaison with the army general staff and other branches of the government and that he sometimes sat in on private conversations between the Ortega brothers.

negotiated secret military agree- greatest failure has been their inments with the Soviet Union and ability to tap the discontent in Nic-Cuba that call for a major military aragua's urban centers. buildup over the next seven years. including delivery of MiG-21 jet ministration would attempt to fighters and enough arms for a milmanipulate" Major Miranda's initary force of 500,000 full- and
formation and mount a "propaganpart-time soldiers.

In addition to General Ortega's Swiss bank account, Major Miranda said, top military officers have used a slush fund in Panama for personal expenses.

• In violation of the regional

peace plan, written by President Oscar Arias Sánchez of Costa Rica, the major said, the Sandinists continue to support leftist Salvadoran ets will negotiate over their heads."

the Sandinists expect, the govern-

araguan president, Daniel Ortega during more than four hours of Saavedra, confirmed that Major duestioning, arranged and monigations and been one of his closest aides. He said the major, whom he called alternately the "little" — He said the Sandinists have begun to take their toll inside Nicaragua.

Major Miranda said the contras' major more than four hours of questioning, arranged and monigations of the six-year war against the rebels, commonly known as contras, have begun to take their toll inside Nicaragua.

"As the years pass," the major said, "the situation of the Sandinista leadership gets more difficult. That does not mean that in the next month or so they will be defeated, but that the effects of the war are beginning to be felt in such a poor country as Nicaragua, Humberto Ortega has said he is beginning to feel the rope around his neck."

He said the Sandinists are insecure about their relationship with Moscow and "afraid that the Sovi-

errillas.

Nicaragua's continued pressure

In the event of a U.S. invasion on the Soviet Union to increase of Nicaragua, which the major said military aid, he said, is partially an ment's secret defense plan calls for taking U.S. Embassy officials hostage and spreading the conflict throughout the region, including dropping bombs on targets in Costa Rica.

visited Haiti.
Mr. Seaga said that General

Namphy had assured him the Hai-

tian armed forces would provide

adequate security for the January

and they are doing it in a manner

consistent with the constitution as

Goldpfeil. This traditional name stands for highest quality all over the world. Our reputation began in Germany as early as 1856 when Ludwig Krumm began manufacturing cleverly designed and beautifully made purses and wallets. Today, connoisseurs of leather in more than 50 countries appreciate the wide range of Goldpfeil products which include luggage and other travel items, handbags, business accessories and specially designed gifts. Goldpfeil - when only the very best will do. We are exhibiting at the Tax Free World Exhibition in Cannes in the "Méditerranée Village" stand N 14.



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GOLD/A/PFEIL

Major Miranda was interviewed in a guarded State Department in a news conference last month, General Ortega, brother of the Nic-conference room. His revelations Haitian Junta's Election Council Sworn In

government to reopen the voting process suspended on Nov. 29 following violence in which more than 30 people were killed.

The ceremony Saturday in the Palace of Justice, with heavily armed troops in the building appeared to support the view of many Haitians that the new elections, scheduled for Jan. 17, will be converted by the relieved.

-- trolled by the military. The nine council members were named Friday to replace the council that was dismissed after gangs using machine guns and machetes killed people attempting to vote. The violence caused the postponement of the elections, which were

the first in Haiti in 30 years.

The political opposition said the dismissal of the independently cho-sen Election Council was unconstiuntional, refused to recognize the new one and called for the resigna-tion of the government, led by Lieutenant General Henri

Namphy. The government had accused the old council of rigging the Novem-ber elections in favor of a leftist

president.

The Supreme Court has sworn in a trying to fix the outcome of the Jan.

stitution can be interpreted to give the government the right to pick the new commission.

Makeup of New Panel Earlier, Julia Presson of The Washington Past reported from

The government announced on stated.
Friday the names of its nine appointees to the electoral board.

inent figure, political observers said. "Not one of them is known by anybody," said Louis Roy, one of the authors of the 1987 Haitian Constitution. None of those selected is a prom-Constitution.

The constitution, approved by an overwhelming public vote in March, stipulates that the Roman Catholic and Protestant churches, human rights groups, a journalists' association, a university council, a confederation of agrarian cooperatives, the Supreme Court, the goveroment council and one other government-linked group must each name a representative to the Elec-

tion Council. All but the Supreme Court and the government declined to choose new delegates to replace those they

Reuters

The opposition contends that selected for the dissolved electoral four small Caribbean islands who PORT-AU-PRINCE, Haiti — General Namphy's government is board. Since they declined, the convisited Haiti.

delegates of its own. The four main opposition parties argue that the ruling government council violated the constitution by abolishing the first electoral board.

Archive army did not intervene to half the Nov. 29 violence.

Mr. Seaga said he did not ask General Namphy to explain the violence, which he said was "history." He added that he was satisfied the government "is working sincerely to hand over power Feb. 7, and have demanded that it be rein-

General Namphy has been henvily criticized by the United States, Canada and France, among gained support from the conserva- they see it.' ward P.G. Seaga, and the leaders of





Herald Tribune.

Success Without Euphoria

genuine successes seem pallid. Already the monument to summit diplomacy and cremorning can be heard about failure to reach accord on space-based defenses, on longrange nuclear arms, on Soviet withdrawal from Afghanistan, and on human rights.

Yet that mistakes what President Reagan and General Secretary Gorbachev achieved. They not only signed the treaty eliminating Euromissiles; they had the courage to make the necessary mutual compromises. They made important progress toward a treaty to make dramatic cuts in strategic weapons. And by all accounts, they had realistic

conversations on much else. Set against 40 years of Cold War, that is success. Better still, it was success without euphoria. The leaders did not deny important differences or stretch for phony agreements in principle. President Nixon prac-ticed that form of detente; the result was quick and deep disappointment.

Above all, what this summit meeting demonstrated is that Soviet and American leaders do not have to surrender to endless hostility. Mr. Reagan put it eloquently. The arms race, he said, "is not preordained and not part of some inevitable course of history. We can make history."

At Reykjavik, the two leaders were sup-posed to make their final push toward the treaty eliminating missiles in Europe with ranges between 300 and 3,000 miles (about 500 to 5,000 kilometers). Instead, they stum-bled into an ill-conceived bidding game over nuclear disarmament and deadlocked over the Strategic Defense Initiative.

Since then, they have kept prodding for the Euromissile treaty, without which the experts never would have resolved dozens

Expectations about the summit meeting of second-order issues that had blocked sources on unreasonably that to some, its final agreement. The treaty just signed is a ates stunning precedents for on-site inspec-

tions of future arms agreements.

And it would be a mistake to minimize the progress made toward a larger treaty to cut strategic weapons in half. The elimination of one obstacle to that is a story in itself: The two sides agreed to forbid the coding of telemetric or radio signals during missiles flight tests. Thus, the capabilities of missiles will be better known. They also agreed on how to count and limit air- and sea-launched cruise missiles; to cap missile warheads for each side at 4,900; and to halve the number of Soviet SS-18 missiles. Questions remain, like the fate of land-based mobile missiles. but the major issues are essentially settled.

But the two men parted without resolving the SDI issue. Will Mikhail Gorbachev sign an offensive arms treaty without one that restricts space-based defenses? The leaders fudged the question with meaningless lan-guage on the anti-ballistic missile treaty. They pledged in their final joint statement to abide by the original interpretation of the treaty. But this leaves open whether extensive SDI testing is allowed. That ambiguity could create trouble, and should be resolved Yet the leaders were right not to let the SDI dispute discolor the whole summit meeting.

Perhaps the sense of workmanlike achievement on nuclear arms will carry over to Afghanistan, human rights and con-ventional forces. There was about this summit meeting a sense of maturity, of clearheadedness about what divides the two nations and where they might pull together - of getting some control over history.

-THE NEW YORK TIMES.

No Relief for the Afghans

In a midsummit interview, President Reagan suggested that Mikhail Gorbachev had abandoned the Soviet Union's traditional global ambitions. But you cannot yet prove it in the Gulf, where Mr. Gorbachev turns his back on a pledge to penalize Iran for its thwarting of peace, and least of all in Afghanistan, where he evaded Mr. Reagan's call to set a date for full, expeditious with-drawal of the 120,000 Soviet occupying troops. Instead, he inserted the unacceptable dition that, as withdrawal begins, the United States must start cutting off arms and "financial supplies" to the resistance. Mos-cow's own Alghan clients evidently would continue to be eligible for arms and aid.

The two men were at pains to emphasize that the line between them remains open on the Afghan question. Their readiness to keep talking about issues that resist solution was one of the more satisfying results of the summit meeting. But openness to discussion cannot conceal Mr. Gorbachev's persisting refusal to face up to the mistake the Kremlin made — more important, the crime it com-mitted — in invading Afghanistan. It is not simply that the Soviet army has been manded

and pinned down by guerrillas, but that the Soviet army has no right to be in Afghani-

stan. It is committing aggression. It has speat eight years killing and uprooting the Afghan people and destroying their land. This is why the face-saving exit Mr. Gor-bachev may be looking for probably does not exist. Saving face requires setting up a new government, or interim government, that, as he said in Washington, is neither pro-Soviet nor pro-American, that is nonaligned, neutral. On superficial reading, it may sound fine to some. But there apparently is nothing in the Afghan spectrum that could be called pro-Soviet, not to the extent that it could survive without heavy armed guard. That is why all Soviet withdrawal formulas have rested on a demand for military advantage

to offset political weakness. Diego Cordovez, the United Nations mediator, is hunting for a political way out. Maybe he will find one. It remains to be shown, however, that Mikhail Gorbachev has any option that does not proceed from Ronald Reagan's promise to play a helpful role if the Soviets will but get out.

- THE WASHINGTON POST.

The Japanese Auto Quota

U.S. curbs on imports of Japanese cars were supposed to be temporary. Now almost seven years old, their cost to consumers has been staggering and the benefit to American car makers only marginal. Even so, Detroit has come up with a laughable new argument

to make the ceiling lower still.

President Reagan caved in to industry and labor in 1981 and approved a "voluntary agreement" with Tokyo that cut imports to 1.6 million cars a year. There was nothing voluntary about it; without an agreement Congress would have imposed limits by law. After two years, the administration officially withdrew, leaving it to Japan to limit itself, which it does, still "voluntarily." The current ceiling,

2.3 million, expires March 31.
Originally, Detroit executives said they just needed time — General Motors' president said two or three years — to whip their companies into competitive shape. Two years later they said restrictions could be lifted if Japan made cars in the United States, And in 1985, Ford and the United Auto Workers indicated that no quota would be needed if the dollar fell.

Japanese automakers have established U.S. plants, the dollar has plunged and Detroit has had plenty of time. So guess what? Donald Petersen, Ford's president now argues for slashing the quota because Japanese cars made in America have imported parts. No matter that some of Detroit's products use foreign parts, too; he wants the Japanese parts in Hondas, Mazdas and other U.S.-made Japanese models to be counted against the quota.

Japan's ammal U.S. output is 1.2 million cars. Calculating that imported parts are half of the final product, Mr. Petersen would lop 600,000 cars from the quota, cutting it to 1.7 million. Chrysler gets the same figures by a

different route; it wants to cap Japan's mar-ket share, no matter where the cars are made. Enough is enough. U.S. consumers have paid dearly for this wretched deal. Once imports were limited, Japan started shipping higher-priced, top-of-the-line models. Then Detroit raised prices. Through 1984, according to International Monetary Fund economists, Americans laid out an added \$17 billion for new cars because of the quotas.

Detroit's profits are up handsomely, but its competitiveness remains in doubt. Quotas have enhanced Japanese companies' profits, too, strengthening their companies financially and allowing them to make production even more efficient.

As it happens, the dollar's sharp drop in value has most Japanese companies scrambling to fill this year's allowances; market forces are working in Detroit's favor. Now is the moment to dismantle the quota system, and it may be the last opportunity. A recession would create irresistible pressure for still tighter curbs.

Mr. Reagan needs to encourage Tokyo to end the curbs as "voluntarily" as it imposed them. He could do so with a clear proclamation that free competition in autos is best for America, and with a firm pledge to veto any countermove by Congress.

- THE NEW YORK TIMES.

Other Comment

Better a Hollywood Summit

Even though the summit turned out to be a gaudy affair, more glitter than substance, it has rightly been acclaimed for setting the seal on the first real reduction in nuclear weapons since they were invented. Better all the hype of Hollywood than another Hiroshima. The summit has to be recognized, too, for its symbolic value as the first public acknowledgment by the superpowers that they can no longer afford the full burdens of a global

arms race. Mr. Gorbachev has made it the central tenet of his foreign policy initiatives that the Soviet Union should no longer put military superiority before domestic necessity. Equally, the United States has slowly come to understand that it can no longer match its world might with economic muscle. It signally failed to learn this lesson after Vietnam. But the foreign exchanges and the stock markets of the world have now brought

the lesson home with a vengeance. - The Observer (Landon).

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The second secon



From Jonathan Swift to Mikhail Gorbachev

P ARIS — The likelihood of the Soviet Union agreeing to scrap all its intermediate-range nuclear missiles seemed so small to Manfred Womer, the West German defense minister, that he swore he'd crawl 240 miles on his hands and knees if all the missiles disappeared. It seemed an absolutely sound bet, and anyone, like Mr. Wörner, possessing the European constants of reasonableness and disincli-

nation to risk might have taken it.

After all, the West's zero-zero option (we would forgo the Pershings and cruises if the Soviets packed up their SS-20s) had the look of genius. Here were the allies offering the Soviets something outrageous, totally logical yet seemingly beyond any possibility of acceptance. Zero-zero's perfect mix was altruism and cynicism: playing to the home crowd with an offer to banish the missiles, while knowing a Soviet refusal would legitimize the allies' own deployment.

In its way, zero-zero was a Nuclear Modest Proposal. Jonathan Swift-updated-by-NATO. It flummoxed Brezhnev, Andropov and Chernenko, with the Soviets, as expected, refusing to roast and with the Soviets, as expected, refusing to roast and eat their own children (as Swift recommended). But then came Mikhail Gorbachev. He took the Modest Proposal and added a double-pump. Double-zero emerged, and a weapons deal was struck that left Mr. Wörner with a losing bet, and Secretary of State George Shultz insisting that his European alliance colleagues do not believe the INF treaty tilts the military and psychological balance in Europe in the Soviets' favor.

What the West has been watching in Mr. Gorba-

chev over the past months was the emergence of a man totally at ease with excess. Accepting the zero option was to embrace blue-sky thinking, the Big Idea — not comfortable terrain in 1987 for Europeans enmeshed in sorghum price debates, or for Americans scrutinizing Supreme Court nominees. When a government is working against the exaltingly cosmic, what normally passes as reasonable looks mean and petty. Keeping a small number of INF missiles in place, so as to main-

tain the linkage of deterrence and serve as a lever toward conventional force cuts — an idea that

What the West has been watching in Mr. Gorba-

By John Vinocur

had the brief backing of Senator Sam Nunn, Representative Les Aspin and even Manfred Worner six months ago — got swept aside. Too modestly modest. Not the stuff of Paul Bunyans, Berlin Walls (a modest proposal that really hap-pened) or Freedom Shields in Space.

Now we enter the What Next? period. It is a time when General Secretary Gorbachev has few obvious reasons to surrender the initiative. And it may be one in which he feels he must continue to move quickly, since Yegor Ligachev, the Kremlin number two, has said that he runs the daily affairs

As long as he has the initiative, Gorbachev might offer, say, to pull down the Berlin Wall.

of the party, signaling that Mr. Gorbachev has not consolidated his domestic power.

The moment — you can hear the whoosh of history accelerating — could be the right one for Mr. Gorbachev to initiate a couple of Modest Proposals of his own. For starters, he could offer this kind of excess:

1. The withdrawal of all Soviet troops from

2. The destruction of the Berlin Wall. 2. The destruction of the Berlin Wall. Proposing to pull the Red Army back behind the Soviet border would leap over discussions about the size of troop reductions at a time when Mr. Gorbachev's generals have already accepted the principle of asymmetrical cuts. Instead, this approach would focus attention on the size of the United States's complimentary withdrawals. Since the goal of getting U.S. forces out of Europe is a central element of Soviet policy, what better time than now, when American concern about the

time than now, when American concern about the deficit is at its height, for Mr. Gorbachev to propose

the Big Rock Candy Mountain? Such a deal probably would slow or stop any major West European defense initiative and pull Western Europe toward the kind of "collective security" arrangements, mi-nus the United States, that the Soviets and some European leftists have long supported. If Eastern Europe became turbulent after a Soviet withdrawal, the Red Army would be just beyond the border.

From Mr. Gorbachev's point of view, knocking down the Berlin Wall would have all the perverse satisfaction of co-opting an initiative demanded by every U.S. president since John Kennedy, while strengthening the forces that pull West Germany away from the alliance. If the proposal were cou-pled with a plan for a loose German confederation, inessing the question of East German nationality and limiting the likelihood of a population hemor-rhage from East Berlin, Mr. Gorbachev's KGB would probably tell him the move would find wide support in West Germany without endangering the Soviet Union. Jean-Pierre Chevenement, a leader of the left wing of the French Socialist Party, says flatly, "Were the Soviets to offer West Germany a status analagous to that of Austria, a majority of Germans would go for it."

Yet we just may be spared this blueprint for changing Europe's face by the year 2000. A not-so-curious thing about Modest Proposals is that, like anything else that works, they tend to breed conservatism. Mr. Gorbachev may judge that having succeeded in turning one Modest Proposal inside out, brilliant excess has had its day. This would put him back on par with his opposite numbers in the Atlantic alliance, where initiatives and new concepts — does anyone believe in the future of a reworked Harmel doctrine or in a jazzed-up French-German defense alliance? — are having a hard time raising passions or commitment. Under the present circumstances, though, if the creativity of European discussion about trans-Atlantic security is enhanced, Mr. Gorbachev's demonstration that you don't have to believe in democracy or human rights to think boldly, and well, will have been useful.

International Herald Tribune



By Seymour Melman N EW YORK — When a logism

To End America's Logiam,

First Extract the 'Key Log'

snarls the flow of logs, the log-ger's problem is to discover the "key whose extraction unlocks the jam. Similarly, a tangle of short- and long-term problems incapacitates the economy of the United States.

They include vast trade and budget deficits, the dollar's falling and unpre-dictable value, low rates of growth in productivity, the exportation of capi-tal and jobs by managers who close domestic factories, a decayed infrastructure, and the growth of poverty, bomelessness and hunger. How did the economy get into this logiam?

The central factor is incompetence in production, and the prime cause of this is the postwar military-economy extravaganza. It has pre-empted huge quantities of capital resources, turned out economically useless products and installed a counterproductive decision-making process in industry.

America's cumulative econo

crisis cannot be blamed solely on the part: managerial short-term thinking, the myth of a "service" economy in which production is by definition unimportant, and the exporting of capital instead of the modernizing of fac-

tories. Nonetheless, military spending is the "key log." America's was once a first-rate industrial economy, the pre-eminent producer of real wealth. It paid top wages and offset them by efficiency at work and by managers seeking out new technologies. All this was supported by a stable currency and a first-rate industrial economy were good infrastructure, and it delivered checkmated, America dropped to

a rising level of living. This slowdown was caused by a trans-formation in two core elements need-the federal deficit, ease borrowing and

SINGAPORE — As the heads of government of the Association of South East Asian Nations prepare to

meet today in Manila, some of them are worried that the Philippines may

turn left or fall under communist

domination. These concerns will not be aired publicly. But they may be raised in informal, private talks.

ASEAN leaders saw the removal of

President Ferdinand Marcos in Feb-

ruary 1986 as a positive development for the Philippines and for the region.

They strongly support his successor, Corazon Aquino, and are sympathet-ic to the difficulties she faces. Their

agreement to attend the meeting in Manila, despite fears over security,

Mrs. Aquino is regarded as some-one who will do all she can to main-

tain the pro-Western, anti-commu-

nist policies that most Filipinos

favor. But there is nagging doubt in ASEAN government circles that her

administration and its weak, disunit-

ed armed forces will be able to con-

tain the communist New People's

Army, which is seen to have scored

major successes in infiltration, sub-

1967, member governments have shared a policy of anti-communism.

They believe there can be no compro-

mise with local Marxist revolutionar-

ies. Despite criticism from the West, communist groups have been elimi-

Since the formation of ASEAN in

version and guerrilla warfare.

confirms this support.

\$2 Trillion: Much of It Was Not for Defense

GEOGRAPHICALLY, a military invasion of the United States is unlike-

ly: Neighborly nations and wide oceans border the country. The only genuine worry is a nuclear attack, a war that even Ronald Reagan acknowledges can have no winners. Most of the \$2 trillion spent by the Weinberger

Pentagon was for the kinds of wars the United States has specialized in since 1865: Intervention wars, surrogate wars, covert wars. The Center for Defense Information, a Pentagon in exile, says: "The Reagan administration has directed spending toward forces that have little to do with the Soviet-

American military confrontation in Europe and much to do with increasing our country's ability to intervene in conflicts in the Third World."

- Colman McCarthy in The Washington Post.

surgency campaigns, although small groups of die-hard communists have continued their struggle. Indonesia

survived a communist coup attempt in the 1960s that led to hundreds of

thousands of deaths. Brunei is relatively free of Marxist influence, but

There is concern that

Aguino will either be

ousted or will have to

remold her programs to

appease her opponents.

its government's feelings about com-

Mrs. Aquino has not been firm

enough in dealing with the insurgent threat in the Philippines and with left-

ist politicians in her government. They

fear that she either may be ousted by leftist forces or will have to adopt an

increasingly "nationalist" foreign po-licy and a socialist economic program

to appease her opponents.

Manila's experiment with West-

em-style democracy is seen in some

ASEAN leaders are concerned that

munism are unquestionable.

ed for high growth in productivity.

First, cost minimizing must be the dominant rule in industry. Together with improved efficiency, it results in greater profit, reduced prices or both. Under cost minimizing, wages grow more rapidly than prices of machinery and products. That encourages ery and products. That encourages mechanization and thereby furthers the productivity of labor and capital Second, high productivity requires sufficient resources like machinery and technical skills. Since the war, the Pentagon has pre-empted nearly twice the resources America needed to re-

pair its industry and infrastructure. Cost minimizing has been replaced by cost maximizing, notably by mili-tary contractors. Maximizing in-volves indifference to cost and efficiency. That is why Pentagon "procurement reform" plans never succeed. Some 35,000 industrial establishments are prime contractors to the Defense Department, and they have more than 100,000 subcontraciors. All are on a cost escalator

America's first-rate economy be gan to unravel in the 1960s. By 1980, the hourly earnings of American in-dustrial workers ranked eighth worldwide. During the 1970s, their hourly earnings grew by 72 percent, but prices of new machine tools rose 85 percent. Consequently, sales of new machinery fell, and by 1978 U.S. factories contained the oldest stock of metalworking machines of any in-dustrialized country. By the 1980s, as the main conditions for possessing a checkmated, America dropped to second-rate industrial status.

From 1950 to 1970, growth in manufacturing productivity averaged 4.3 percent per year, but from 1970 to 1984 it averaged only 1.4 percent.

spur cost minimizing and productivity resulting in more competence in production. Less dependence on im-ports would cut the outflow of dollars and raise their value.

Is the military "key log" a neces-sary evil? Consider the strategic nu-clear forces: 11,786 warheads on planes, missiles and submatines with intercontinental capabilities, reaching about 220 urban-industrial centers of the Soviet Union. American military forces can destroy those places more than 50 times over. This pointless capacity reflects an assumption that America's real wealth is unlimited, that it is possible endlessly to produce overkill junk without injur-ing the rest of the economy. Let us reduce the strategic nuclear

force by 75 percent. That amounts to a saving of \$54.6 billion for 1988, leaving in place an overkill capability of 12 times while making possible a sizable reduction in the federal deficit.

For the first time since World War II, parts of the American and Soviet erning elites are aware of the need for military cuts in order to cope with nesotiated reversal of the arms race with large, predictable cuts is open for discussion. Such a reversal would require a capability for eventually converting up to \$295 billion in annu-

far. These leaders say that experience

has taught them that communists ex-

ploit poverty, which is endemic in the

Philippines, and any political structure

that offers too much freedom. Such

freedom allows insurgents to wage po-litical warfare legally in pursuit of an illegal violent result.

An example of the Aquino

government's growing vulnerability

to leftist pressures is its recent at-

tempt to enlist the help of its five

ASEAN partners to resist demands

from domestic opponents for the re-moval of U.S. military facilities

from the Philippines. The current

bases agreement with the United

Manila wanted the other ASEAN

members to make public statements that the American military presence in the Philippines helped sustain re-

gional security. Thailand and Singa-pore did so. But Indonesia and Ma-

laysia, both members of the

nonaligned movement, did not want

States expires in 1991.

on the summit agenda.

At the Manila Summit, Worried Support for the Host

By Seah Chiang Nee

ty to rebels who renounced violence.

Malaysia, Singapore and Thailand
waged largely successful counteringroups and trade unions.

purposes. The necessary planning for economic conversion is defined by a 1987 bill sponsored by Representa-tive Ted Weiss, Democrat of New York, and 50 more House members.

It would set in motion a decentralized process emphasizing local author-ity for using the people and facilities of factories, laboratories and bases that now serve the military for civilian work instead. City, state and federal governments would be marshaled to plan the capital investments needed to apprade the decayed infrastructure. This would portend large new markets

and work opportunities.

If the economy's "key log" is not extricated, the logism will grow and become progressively less manageable, and America's economy will become third-rate. It will lack resources to repair even key industries and will suffer a declining level of living. Then, as in a nonindustrialized country, teams of workers, technicians and managers would have to be sent abroad to acquire needed skills, or foreigners would have to send in staffs to train the natives.

The writes, a professor of industrial engineering at Columbia University, has written several books on military spending and economic productivity. He contributed this comment to The New York Times.

ing this is the future of the Philip-

pines itself and the impact it will have on the cohesion of ASEAN,

The writer, a former newspaper edi-

the International Herald Tribune.

Political observers say that some tor in Singapore, is a regular columnist ASEAN leaders believe Mrs. Aquino's in the Malaysian and Singaporean affection for democracy has gone too press. He contributed this comment to

progress on setting Vietnam to begin real withdrawals from Cambodia, the stage could be set for a significant thaw. But China is committed to continning the Four Modernizations, part of its focus on domestic economic po-licy; so the Beijing leadership will make sure that any such improvement does not come at the cost of its ties to

the West, source of needed technology, and investment. That, at least, must be The Chinese and other American friends inevitably will be nervous about the possibility of quick, larg? swings in U.S. policy that will be driv-en by the new relationship with Mos-cow. They are not likely to have been reassured by the way the summit unfolded, in contrast to the justifiable pride and hope most Americans will

Like Détente,

But Without

The Others

By Jim Hoagland

WASHINGTON - Out of the Washington summit meeting

comes one overriding message: Mikhail Gorbachev is determined to im-

prove Soviet-American relations, and

he can count on Ronald Reagan's

help in this task. Other nations will

now have to adjust their policies to the new diplomatic reality created in Washington last week.

Debate will continue over the Soviet

leader's motives in seeking an era of reconciliation. (It walks, talks and sounds like detents but must carry

some other, un-Kissingerian, name.)
Mr. Gorbachev yielded little of real, substance while scoring public-opinion gains that will come in handy if he

and his Politburo colleagues decide to squeeze Mr. Reagan on "star wars" when he is on their turf next year.

Rather than confronting Mr. Reagan over the divisive question of space-based missile defenses, as he did

in Geneva and Reykjavik, Mr. Gorba-chev was content to skirt the issue and

to accept, in good grace, some slippery formulations about the anti-ballistic

missile treaty. He lent his authority to

the appearance of progress on the next round of strategic-arms talks. And he joined Mr. Reagan in rounding off

other sharp points of dispute in public.

These moves, following the signing of the INF treaty, will combine to persuade other nations that a turning

point in Soviet-American relations

was reached, a development that will dramatically affect the existing inter-

national order. This is perhaps the primary way in which the Washington summit meeting changed the world. Unlike detente, reconditation is be-

ing shaped in isolation by the super-

powers, and it perches on an even narrower conceptual and diplomatics base. Ronald Reagan and Mikhail

Gorbachev will have to fill in the

blanks in their new joint vision as they

China was the third point of the

China was the third point of the balance-of-power triangle that Richard Nixon and Henry Kissinger created in launching detente and in playing Moscow and Beijing against each other. But Beijing was absent this time from the superpowers' calculations. Beijing is likely to respond by increasing alightly its receptivity to Mr. Gorbachev's overtures for better relations. If the Soviet ruler can show progress on acting Vietnam to been

move toward another summit.

have drawn from the impeccable host-ing of the Gorbachevs by the Reagans. For, despite the president's defen-sive assertions that "Soviet-American relations are no longer focused only on arms control issues," this was an arms control summit — the kind the Soviets eoutro summit — the kind the soviets have always insisted on and the kind Ronald Reagan used to say he would not participate in, back in the days when he agreed with those who said that the causes of U.S.-Soviet tensions could not be responsed without charges. could not be removed without changes in Soviet behavior on human rights,

regional conflicts and other issues.

The joint communique issued by the two leaders devoted precisely one sentence to human rights, indicating in 22 words that no progress had been made. On Afghanistan, the Gulf, the Middle East and other conflicts, Mr. Gorbachev made it clear when pressed by reporters that it had been a dia-logue of the deaf, an assessment con-firmed by U.S. officials.

Mr. Gorbachev's toughness on

these issues contrasted sharply with Mr. Reagan's moving summation. Thursday, in which the president praised both sides for "moving away from the so-called policy of Mutual Assured Destruction by which nations hold each other hostage to nuclear terror." He then added a phrase likely the said sarries in Europea, noting that these issues contrasted sharply with to stir anxiety in Europe, noting that we are saying that the postwar policy of containment is no longer enough." The contrast between Mr. Gorbachev's tough efficiency and Mr. Reagan's open sentimentality is one that will cause ripples to spread on the world scene in months to come. The Washington Post.

100, 75 AND 50 YEARS AGO

PARIS - Prince Bismarck was well

enough to go for a walk [on Dec. 13]. In St. Petersburg, people are skepti-cal as to the Chancellor's illness, which they describe as "diplomatic." The explanation of his sudden attack, Russians think, is found in his reluctance to reply to the Note in which Austria requests him to assume a de-cided attitude in Bulgarian affairs.

1912: Pity the Postman

NEW YORK -- Mr. Morgan, Postmaster of New York, says he is happy when he thinks that the new law regarding the domestic parcels post will not go into effect until after the holidays. He is pazzling his wits to find to make the bases an ASEAN issue. Out what will happen after January 1, The Aquino government is no longer when packages up to 11 pounds are pushing the matter, it will not be to be carried through the mails. Imagthe summit agenda. ine the poor postman staggering Regional security will remain a along with household articles and major subject. The future of U.S. farm produce strapped to his back in bases is important. But overshadow- addition to the usual bag of mail.

1887: Diplomatically III 1937: U.S. Gunboat Sunk PARIS — Following the bombing and sinking of the United States gun-

boat Panay, serving as a floating embassy on the Yangtse River, Presi-dent Franklin D. Roosevelt personally dictated a sharp protest, requesting that the Emperor of Japan be in-formed that he was "deeply shocked" and expected full compensation. The Panay, together with three Standard Oil lighters, was attacked four times

by Japanese bombers and pursuit planes Sunday afternoon [Dec. 12]. The gunboat sank and two of the oil boats burned. It is reported that two Americans and 95 Chinese were killed. A score of persons, including several officers, were wounded.
WASHINGTON — One foreign dipiomat in Washington expressed the opinion that the Panay incident might mark the turning point in Ja-pan's undeclared war on China, and might even make it possible for Britain and the United States to cooperate in checking Japan in China.

مكذامن الاصل

nated in combat or through the use of conservative quarters as being re-

draconian laws allowing detention sponsible for communist successes in without trial. Thailand offered amnest the infiltration and subversion of the

By Jim Hosela Comment of the commen The state of the s

Nordic region — Denmark, Norway, Sweden and Finland and the Baltic Sea — a zone that the superpowers should recognize as off-lim-its to nuclear war. "The problem is the Soviet Union has nuclear weapons, and they can aim them at you, and you can't determine where they will Denmark although member of the North Atlantic Treaty Organization, has one of the strongest A STATE OF THE PARTY OF THE PAR zation, has one of the surongest anti-nuclear movements in West-Schluter's conservation opposes the nuclear-free zone opposes the nuclear-free zone but it is a persistent and potential potent notion for the country.

Its advocates argue that there of the country of ern Europe. Prime Minister Poul Schluter's conservative government opposes the nuclear-tree zone idea, but it is a persistent and potentially 200 500 FEB Its advocates argue that there are no nuclear weapons in the Nordic

THE REAL PROPERTY. region since the two NATO members, Denmark and Norway, refuse to accept them on their territory during peacetime. That, in turn, leads to an argument that since the region poses no nuclear threat to the Soviet Union, the Soviet Union should reciprocate by eliminating the Nordic countries as potential .nuclear targets. However, Mr. Shultz noted, seeking such special treatment for Denmark and Norway would work ---against the cobesion of the North Atlantic Treaty Organization. "We must all stand together, or we will The same and the hang together," he warned. Mr. Shuitz came to Copenhagen ---after reporting to NATO foreign ministers in Brussels on the treaty to eliminate medium—and shorter-

--range nuclear missiles signed in Washington last week by President المطالحة عند مندا Ronald Reagan and Mikhail S. Gorbachev. A STATE OF "Why were we able to get that agreement?" he asked "A key rea-The second 10 TO son is that NATO had the strength of will when we objected to the Soviet deployment of SS-20 mis-್ ಾವಾಗಾವ್ಯವಸ್ಥ siles to say that we would negotiate for their removal or deploy U.S. missiles ourselves" in NATO coun-के पुर प्रदेश व अवस्थित で多つの意義 For the alliance, he said, that means keeping up its conventional as well as its nuclear forces. And he ं र कर्न्युच क देशक्ट्री ARMS:

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o have this new relationship with the United States. But I think we 1.000 have to realize we live in very dif-್ವ ಕಾರ್ಯ ಕಾರ್ಯಪ್ರದ ferent societies. It's godless com-The second of the second 人名西西西斯 医 The issue of human rights is one The street with the street example of the problems still divid-The same of the sa ing the superpowers. Mr. Baker ac-والمستعدة والمسام والمستران knowledged that despite Mr. Rea-gan's having placed the issue on a --------par with arms control during his meetings with Mr. Gorbachev. "We don't have anything to show for it yet." -- - nedd Mr. Reagan also failed to gain a promise from Mr. Gorbachev on فتركانا تجن منتبرة when the Soviet Union will move 100 100 100

Caution Urged

(Continued from Page 1)

ate Republican leader, who said of

Mr. Gorbachev: "I think he wants

its 115,000 troops out of Afghanistan. And, on another of the so-called regional conflicts, Mr. Gor-bachev left American officials puzzled by a comment on Nicara-Lieutenant General Colin L. Powell, the White House national security adviser, said: "The general secretary made a few cryptic references to an arrangement where they would reduce their level of neighborhood of small arms, or he even said 'police weapons' at one time, and he made a reference to

Mr. Reagan and Mr. Gorbachev had reached an accommodation on U.S. support for the Nicaragan rebels and Moscow's backing of the Sandinist government, saying. "No deals were made."

Ine language dryision was apparent in the voting with the Libertance of the parent in the voting with the Libertance of the most prosperous Dutch speakers of Flanders and the Socialists performing well in the depressed deals were made." General Powell also denied that deals were made."

Mr. Bush, reiterating Mr. Rea-gan's position, said the United The pr gan's position, said the United The predictions gave the outgo- Mr. Martens, 51, who has been States should continue to aid the ing coalition 106 seats, a drop of prime minister for almost eight contras, as the rebels are known, mine that would wipe out its major-until the Sandinists "go down de-ity. mocracy's road" to free elections.

tween the superpowers to tone seven of their 49 seats, while the down the controversy over a space-based missile defense system peared headed for a loss of two of cialists would require the support should help the effort to reach an its 20 seats. accord on cutting long-range nucle-

least for now, to stop arguing about what limits the 1972 anti-ballistic missile treaty places on development of Mr. Reagan's research effort for a space-based defense, known as the Strategic Defense Inipianive.

Montand Rules Out Bid For French Presidency

PARIS -- The actor and singer Yves Montand, after 18 months of press speculation that he might run for president of France in the spring, says that he has no ambi-tion for the job.

....I know my limits," Mr. Mon--tand said Saturday in an interview on French television. "It's not my ambition." He said he would vote for President François Mitterrand.

Shultz Says Nordic Zone But Don Can't Be Nuclear-Free By John M. Goshko

eliminating intermediate-range nu-clear missiles.

By John M. Goshko
Washington Past Service
COPENHAGEN — Secretary of "I must say that Denmark could contribute more to defense than the 3 percent of its gross national prod-State George P. Shultz rejected on Sunday the idea of a Nordic nuclear free zone and said that such concepts undermine the type of unity within the Atlantic alliance that led to the U.S. Sozial tental and the said that the said that led to the U.S. Sozial tental and the said that led to the U.S. Sozial tental and the said that led to the U.S. Sozial tental and the said to the U.S. Sozial tental and the said that led to the U.S. Sozial tental and the said that led to the U.S. Sozial tental and the said that led to the U.S. Sozial tental and the said that said uct that it does now. In doing so, it would contribute to the safeguard-ing of its own democracy and free-

that led to the U.S.-Soviet treaty on Soviet Briefing in Bonn At a news conference concluding his two-day visit here, Mr. Shuitz chided advocates of declaring the Nordic region — Dennand. The head of the Soviet Foreign agreed that an accord on a 50percent reduction in strategic nu-clear arms can be achieved by mid-

1988, Reuters reported from Bonn, The West German Foreign Ministry issued a statement saying that Mr. Karpov had briefed Mr. Genscher on Saturday about the Washington summit meeting, and that both men had agreed on the prospects for an accord on long-

Chirac's Pledge to Bonn

Prime Minister Jacques Chirac of France says that his country will respond unreservedly in the event of an attack on West Germany, Reuters reported from Paris.

Mr. Chirac's pledge, made Satur-day in a speech at the Institute for Higher Studies on National Deise, was the first time a French leader had so clearly committed his country's forces to the defense of West Germany.

There cannot be a battle for Germany and a hattle for France," Mr. Chirac said. "Who can now question, in the hypothetical case are using a new weapon and if we of West Germany being a victim of are going to have more Norman aggression, that France's commit- Atlantics and Pivots it is going to ment would be immediate and become most uncomfortable for

(Continued from Page 1)

armed nations had signed a treaty

to eliminate a whole class of nucle-

ar weapons, medium-range and

Mr. Reagan had hoped to move

toward a separate treaty on space

defense issues, disconnecting the

subject from the offensive arms re-

ductions. But if this could not be done -in fact, the Soviets refused

to move in this direction - Mr.

Reagan set out these U.S. objec-

tives in the space defense area: So-

viet acceptance of a U.S. right to

conduct "testing in space as re-quired" as part of the preparations

for SDI, and Soviet agreement that

the United States would be permit-

ted to deploy SDI defenses after

the end of an agreed period of years

during which neither nation could withdraw from the 1972 Anti-Bal-

Both positions had been put for-

cy negotiations, and both were op-

posed by the State Department,

which favored less ambitious objec-

tives. Mr. Reagan had adopted the

acceptance of SDL A U.S. official

said that at one point, the Soviet arms negotiator, Viktor P. Karpov,

snapped that he had heard all this

H. Nitze, the president's arms con-

mand for an explicit Soviet accep-

tance of "testing in space." They

which both sides would continue

listic Missile Treaty.

ward by the renta

Pentagon view.

shorter-range missiles.



A helicopter chartered by CBS News helped rescue the crew of the tanker Pivot in the Gulf.

GULF: Iran Said to Use New Device to Set Tankers Afire

was leaving the Gulf for Japan with a load of naptha from Kuwait. The flames were so intense that fire-lighting tugs were forced to stay clear and allow the ship to sink. The Norman Atlantic was the

A source said: "If the Iranians

ons to offset U.S. strategic defenses

There were no casualties aboard the Norman Atlantic. One crewman aboard the Pivot was burned.

U.S. Aided in Rescue

John H. Cushman Jr. of The New York Times reported from aboard the La Salle, the U.S. Navy command ship in the Gulf:

according to officials on the La

U.S. forces to tankers flying foreign flags since the start of a naval buildup in the Gulf this summer when the United States began pro-viding escorts to Kuwaiti tankers flying the U.S. flag.

an SE-2 Lamps maritime surveillance helicopter, based aboard the News crew.

A pregnant woman was among The rescue Saturday by the guid- those rescued from the the Pivot, ed missile destroyer Chandler was officials on the La Salle reported.

The tanker's crew was rescued by

finding wider uses, the rising costs of labor, land, energy and other Chandler, and by a privately char-tered helicopter carrying a CBS

inputs have now brought Hong Kong's toy manufacturers to a turning point. Encouraged partly by the Chinese-British agreement under

which Hong Kong will return to Beijing's control in 10 years' time, toymakers have drifted steadily SUMMIT: Two Words on Space Defense Were Key to Success of Meeting into neighboring Guangdong Province over the past few years. So far

tegic arms treaty be limited to 4,800 warheads on each side. The Soviets had discussed the possibility of a 5.100-warhead limit. The Soviets fied." Mr. Shultz argued that the said a compromise on 4,900 or issue of what was meant when the 5,000 warheads might be worked treaty was ratified was a domestic out as part of a "package deal" they are able to reduce labor costs dispute between the administration encompassing other elements. by 25 percent to 50 percent, deand Congress, and the Soviets After some discussion, the two pending on the product involved sides agreed on 4,900 ballistic mis-

sile warheads for each side in a new treaty. The United States has about 8,000 such warheads and the Soviet edge, the China connection re-Union about 10,000 — thus such a quires tight controls on production cut would be a massive reduction, schedules and quality. But it has dwarfing the cuts called for in the allowed. Hong Kong to keep an industry it otherwise would have to INF Treaty.

Industry it otherwise would have to
The last-minute accommodation pass on to lower-wage nations such

that day.

al traditional toys such as The Big Yellow Teapot, The East End Market Stall and Hamburger Bar. Hervé Parizot, marketing director of Mattel France S.A., disagrees with the idea of American dominance. "Americans do not dictate taste," he said, adding that Mattel

But he added that he did not

ens the British toy industry's well-being. He said that Blue Bird Toys PLC, one of Britain's largest toy

makers, has had success with sever-

(Continued from Page 1)

Mr. Webb said he believed that

coming from America - Califor-

nia, to be precise - and Japan."

Workshop Asia

(Continued from Page 1)

than a tiny fraction of a production

It is possible to save on freight

this year, 40 percent of Hong

Kong's toy exports were at leas

China.

China.

partly manufactured in southern

much as three-quarters of produc-tion now takes place on the Chinese

mainland. By making this shift,

and how much of it is made in

As toymakers readily acknowl-

For some large producers, as

or Europe.

toys are developed by international teams of researchers that include psychologists, pedagogic experts and engineers in the United States and abroad. There is an exchange of ideas," he said. "Some of Bar-bie's accessories were developed in

The fact that Playmobil exports to countries all over the world, Mr. turers are rejuctant to allow more Brandstätter said, has not forced the firm to adapt to specific U.S. or foreign tastes. "Our toys are international. A Playmobil policeman is not an American policeman nor a Japanese policeman. He is a just a Playmobil figure to which the child must add his or ber imagination.
But he conceded that U.S. manu-

ally a fourth to a sixth of the retail price of a toy in the United States facturers, because of their size and through media campaigns, are able to influence trends. "German par-But it is just as possible to pay more for a toy in Hong Kong than in New York, since the object that ents dislike American toys but frequently give in to their children's whims," he said. will make your offspring smile for at least five minutes may have been to New York before landing on the

Dany Breuil, marketing director of Smoby S.A., said that typically French toys can sell abroad. In gen-eral, French successes come from shelf of a retail chain back in Hong Although growth in the industry has been steady since it started here in the late 1950s, as plastics were a toy golf cart.

SANTA: This Year, the Big Hits Are Golden Oldies "Corolle," France's most popular doll, is a classic, high-quality product, produced by Ets. Anselme S.A., a spokesman said. Sales of Corolle in the United States rose in the book of the Children Parch. the aftermath of the Cabbage Patch craze. Since then, 20 percent of the firm's exports have crossed the At-

Pascal Sarda, of Le Train Bleu, a Paris toy chain, said that in addi-

tion to the return to classic toys. media-related products are among the best sellers. "The television series inspired by

GI Joe has made the toy our best seller among boys 5 to 11," Mr. Sarda said. "Barbie is still a popular doll. However, Corolle's Cherubin doll is the star this season." In Britain, where media-oriented oys are readily accepted, U.S. and

Far Eastern imports account for 70 percent of sales. British production ast year amounted to £326 million (\$596 million). Of this, £131 million worth was exported, 70 per-cent to Common Market countries. Production so far for 1987 is up 10 percent. The Lego Group, a Danish toy

maker, is also increasing its market share in Britain - as it is in the United States, Germany, France and Italy, despite U.S. competi-

tion.
"Unlike Mattel, Lego does not use media to create fads," said Peter Ambeck-Madsen, a company spokesman. "Lego is a creative material, and this is why it is an international toy. There is nothing ex-clusively Danish about it. Children toys that imitate everyday life, use Lego to re-create what sur-Among the big sellers are a French rounds them or interests them, vegetable stand with a toy scale and from miniature toys to national monuments and spaceships.



first tanker to be sunk in the Gulf War, which began in 1980. An American warship helped rescue the crew aboard the Pivot,

written, this does not rule out a crucial deals began to be made, and submarine-based ballistic mis-Soviet increase in offensive weap
According to several U.S. particisile weapons allowed by a new strapants, they were:
The Soviets insisted that the

if they are ever deployed. two nations agree to observe the ABM Treaty "as signed and rati-fied." Mr. Shultz argued that the Mr. Nitze and Mr. Shultz also continued to push for Soviet ap-proval of the right of either side to explore space defense by "conducting their research, development and testing as required, which are permitted by the ABM Treaty." In should keep out of it. Mr. Shevardthe U.S. view, this language would strengthen the administration's nadze gave in. claim that it could conduct realistic tests in space under a broad inter-

embassy to brief Mr. Reagan at the qué. The Soviets finally agreed, al-White House, where Mr. Gorba-though they made it clear that they chev was expected at 10:30 A.M., did not accept the U.S. interpretashortly after breakfast with Vice tion that these words justified real-istic space weapons tests, aide called to say that Mr. Gorba
Mr. Shevardnadze had earlier

pretation of the ABM Treaty, al-

The Soviets, as the State Department had expected, adamantly re-fused to accept these two bids for only a few officials.

In all, Mr. Gorbachev dropped out of sight at the Soviet Embassy for nearly two hours, while Mr. Bush waited so they could go to the White House together. A Soviet aide later told a U.S. official that the Series ladder used part of that before and demanded that the Americans "stop wasting my time." At the Soviet Embassy on Thursday morning, according to several U.S. officials, Mr. Shultz and Paul time to communicate with the Po- draw from the ABM Treaty for lithuro in Moscow.

trol adviser, agreed to drop the de- finally left for the White House United States gave in. more than 90 minutes late.

also dropped one for an explicit right to deploy missile defenses at the end of the specified period in conferred over hunch, six arms-con-weapon, but the Americans insist-trol officials met in the White ed that compliance with such a lim-House Cabinet Room to bargain it could not be verified. In a comon strategic and space arms.

observing the ABM Treaty. In return, the Russians tentatively agreed to a more ambiguous sharply — the clock was ticking such missiles" and agreed to seek statement that each side "will be toward 2 P.M., when the two leadfree to decide its own course of ers were scheduled to say goodbye The United States had pro-

action" at the end of this period. As at the end of their meetings - the posed that the total of land-based

• Mr. Shultz repeated the U.S. position that the ABM Treaty permitted research, development and though its meaning was not as clear testing "as required," and said it as the original U.S. formula. testing "as required," and said it was essential to obtaining Mr. Rea-Mr. Shultz and Mr. Nitzeleft the gan's approval of any communi-

chev was considering what Mr. indicated that the Soviets could ac-Shultz and Mr. Nitze had reported, cept an accord under which each and would be 15 to 20 minutes late, side would be "free to decide its Later, the Soviet Embassy called course of action" if and when it again and said Mr. Gorbachev sug- finally withdrew from the ABM gested the convening of another Treaty. But the Soviets balked at working group meeting, this one a agreeing to this. Secretary of Demore confidential session involving fense Frank C. Carlucci, who had

the Soviet leader used part of that could permit either side to withsuch purposes as space testing. The Mr. Gorbachev and Mr. Bush Soviets refused to accept it. The

The Soviets had demanded As the two leaders strolled on the limits on sea-launched cruise mis-White House grounds and then siles, a fast-growing type of nuclear promise, the sides "committed With the pressure mounting themselves to establish ceilings on

on space defense was not men-tioned publicly by either leader ning to develop its manufacturing

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Herald Eribune

sthey would reduce their level of arms support to something in the BELGIUM: Governing Coalition Is Headed for Defeat which would make them by far the fall of his coalition, but he said the

our doing likewise. We'll follow up on that to see what it really means." Speaking wing. speaking wing.
The language division was ap-

French-speaking areas of southern

Mr. Martens's own Christian Mr. Baker said an agreement be- Democrats were forecast to lose

The two Socialist parties, one Liberals or both.

biggest bloc in the legislature, with election results had made it no easi-an estimated total of 74 seats or to govern. against the Christian Democrats'

The Belgian system of propor-tional representation makes it virtually impossible for a single party or political tendency to win a majority on its own, and a protracted period of bargaining could be needed to form a government.

years, acknowledged that even if his coalition did better than first results suggested, it would be hard to keep the Socialists out of any

of the Christian Democrats, the

"The elections have made political affairs singularly more compli-cated," he said. Mr. Mariens's government was

toppled in October by a resurgence of the feuding between Frenchand Dutch-speakers, which has dogged Belgium since the modern state was founded in 1830. The quarrel, accentuated by the

prosperity of Flanders in the north and the decline of industries in French-speaking Wallonia, centers on a cluster of villages known as the Fourons near the linguistic border. José Happart, a militant francophone official of the town whose refusal to perform his official duties in Dutch brought down Mr. Martens, continued his protest on



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Bonds: Disdain for The Dollar

By William G. McBride

ANY Wall Street bond traders showed up at Euroman Ma Gam their desks earlier than usual last Thursday morning, a bit anxious before a crucial 9.

A.M. announcement of the U.S. trade deficit. When it came, there were gasps around the trading desks. The desicit was nearly 20 percent larger than many analysts had forecast.

The verdict was swift. The dollar tumbled and so did U.S. bond prices. Noted Robert Thomas, economist at Midland Montagu Ltd., in London: "The dollar is still extremely accident prone."

The vulnerability of the U.S. currency has convinced a lot of portfolio managers that the best bets in bonds in 1988 will continue to be in the non-dollar markets. "Another 10 percent decline would not surprise," says David Sheath, a fixed-income specialist with Phillips & Drew in

That means 1988 would mark the fourth year in a row that non-dollar bonds outperform dollar issues. Leading the pack so far this year are British government bonds. which have scored gains in U.S. dollar terms of over 43 percent, according to a Salomon Bros, index. A little over half the gain is currency appreciation. For the dollar-based investor, currency gains have contributed more than

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Templeton's Mark Mobius.

Mining Asia's **Small Markets**

By Patrick L. Smith

CARCELY a few months ago, Mark Mobius was a picture of frustration. As managing director of Templeton Investment Management (Hong Kong) Ltd., the steep rise of indexes and earnings multiples from Seoul to Bangkok and Singapore was more than a deep sense of discouragement; it was something closer to a career hazard.

closer to a career hazard.

As president of the Templeton Emerging Markets Fund, Mr. Mobius is strictly bound by the investment philosophy for which John M. Templeton, who founded the mutual fund group bearing his name, is widely known: a stock's intrinsic worth is primary, and speculative potential entertaints.

tial counts not at all.

Given these guidelines, Asia's small markets had be Civen these guidelines, Asia's small markets had become almost impossible to play by last summer, Mr. Mobius says. Indeed, by September — six months after Emerging Markets was launched, a month prior to Black Monday — 46 percent of the fund's \$110 million in assets was still in the bank.

"I looked at the Asian markets and found that the value just wasn't there," says Mr. Mobius, 51. "We were having a tough time investing anywhere."

Those days are now over, however. By year-end, Mr. Mobius says with evident satisfaction, Emerging Markets will be fully invested for the first time. And as a measure of where he thinks values are most attractive, Asia's weighting moves from 50 percent of Emerging Market's assets to

more than 70 percent at Education I state of the more than 70 percent.

Not surprisingly, perhaps, Mr. Mobius greeted October's global debacie with something less than total chagrin. Although the American Stock Exchange-listed, closed-end fund took its knocks—net-asset value went from an Oct. 8 high of \$10.73 a share to \$7.50—the collapse in prices was the break he had been looking for all year. Last week, the fund was trading at about a 20 percent discount to its net asset value.

discount to its net asset value.

"We thrive on this kind of thing." Mr. Mobius says.

"I'm not saying we're in for another boom, but it's going to be a pretty respectable year."

obe a pretty respectable year."

Given the increasing prominence of Asian markets in the global equities phenomenon over the past few years, Mr. Mobius is a near-perfect manager for the Emerging Markets Fund. Since earning a doctorate in economics at the Massachusetts Institute of Technology in 1964, he has spent almost his entire professional life in the region.

spent almost his entire professional life in the region.

On joining Vickers da Costa's Asian team seven years ago, he opened the firm's Taiwan office—one of the first foreign toeholds permitted by the Taipei government. He then headed International Investment Trust Co. Ltd., the first fund through which overseas investors could enter the Taiwan market, until joining Templeton last year.

Why is Mr. Mobius bullish on the region when most colleagues are making fundamental changes in their Asian investment strategies? The perspective is long term, for one thing, as it is for all Templeton managers. For another, Mr. Mobius is optimistic about the growth outlook even in the immediate term.

"Stocks have simply fallen 100 far out here," he says,

"Stocks have simply fallen too far out here," he says, "and economic conditions are better than many seem to think. I don't see a U.S. recession, but if there is one, it

Apart from steady demand from the United States,

Continued On Page 9

Investing in a World of Heightened Risks

TOKYO:

The market defies a chorus of skeptics.

Foreign analysts, who have long comprised a kind of chorus of

Foreign analysts, who have long comprised a kind of chorns of skepticism, seem to have given up predicting the collapse of Japanese equities. The Tokyo Stock Exchange defied all the prophets of doom this year, despite plummeting markets elsewhere. For 1988, no one expects a surge; neither is anyone forecasting a rout.

The forces driving Tokyo prices upward have changed dramatically in recent months. Until mid-1987, when an 18-month bull run came abruptly to a close, prices were driven essentially by liquidity, in part reflecting a reluctance among manufacturers to invest in productive especies.

capacity.

The 1986-87 surge saw the Nikkei index of 225 stocks double by Excess cash flooded into the market, even as economic growth

Continued On Page 8



Traders scrambled to record sales Oct.22.

NEW YORK:

Amid gloom, some see hope in exports.

It has been a long while since Wall Street has been this glum. Only question now is whether it will manage to close the year above 1,895,

where it started last January.

As if talk of recession was not worrisome enough, year-end tax selling is expected to test the market in the next few weeks when investors try to wring some modest compensation for their losses during the last

"There is a lot of uncertainty," says Steven Einhorn, co-chairman of the investment policy committee at Goldman Sachs. "For now, the market is not a terribly hospitable place to be."

While Mr. Einhorn does not expect large declines in stock prices, he sees few opportunities when comparing stocks with cash and short-term bonds. "The best I can offer for next year is a do-nothing market. I

Continued On Page 8

LONDON:

The good news is a strong economy.



Around the City of London financial district these days, a single phrase has become virtual chant: "Cautious optimism."

The reasons for caution are obvious. No investment adviser who wants to be taken seriously could counsel otherwise given the losses U.K. stocks have sustained. On Dec. 3, the Financial Times-Stock Exchange 100 Share Index stood some 31 percent below its mid-July

The optimism flows from confidence about the U.K. economy. The go-go recovery years may be gone, yet the economic outlook remains fairly upbeat.

Though forecasters have scaled down estimates to reflect about a £40 billion cut in financial wealth after the plunge in share prices, they still see inflation-adjusted growth next year of 2 to 2.5 percent. While that would be down from estimated growth of 3.5 percent to 4 percent for 1987, it is a respectable performance by British standards.

Continued On Page 8

EUROPE:

Currency turmoil deepens pessimism.

Though Continental stock markets have been asserting their independence in recent years, the October plunge has convinced brokers and fund managers that the fate of these bourses in the coming year will be tied to forces beyond their local control.

Most of these forces — psychological and fundamental — will likely be negative, putting further pressure on markets that have incurred declines of 30 to 40 percent over the last few months. Some of these markets were already on the ropes when the Oct. 19 punch hit.

in particular, the dollar's latest plunge will likely rob European economies of important export sales, producing lower corporate earnings while cutting economic growth to stagnation levels at best. Investors are being advised to play Continental equities as defensively as possible, with the best bers likely to be found in utilities, chemicals, pharmaceuticals, insurance and food stocks.

Roger Hornett, European equities managers at James Capel & Co. in London, warms against a false rally in the months ahead that could trap unwary investors in another sharp fall later in 1988. The next meeting of the G-7 nations and a realignment of the European Monetary System could well spark a rebound in the short term. But when that rally arrives, he says, "I'll be a raging bear - as grizzly as they come."

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By John Meehan

YEAR ago, professional investors were debating which market would rise the most. These days, they agonize over avoiding the market most likely to stumble again. This obsession with preservation over performance is October's most important legacy.

"The underlying bull market in equities is no longer in tact," warns Gerold Bührer, manager of mutual funds for Union Bank of Switzerland in Zurich. "We're in a period where the risks are very difficult to measure."

Indeed, almost two months after the world's stock markets plunged in response to the historic 508-point decline in the Dow Jones Industrial average, the depth of the Oct. 19 disaster have yet to be measured with certainty. The October carnage wiped out about \$1.7 trillion of shareholder wealth worldwide, according to Salomon Brothers. But the economic consequences remain large-

Nothing better demonstrates this uncertainty than the distinctly conservative tone of global portfolios as investors prepare for 1988. Despite scattered indications that equity markets may be stabilizing, most money managers and investment strategists have shown little inclination to reduce the cash or bond portions of their portfolios.

London, has raised the cash portion of her funds to a hefty 30 percent. At the beginning of October, her cash allocation was about & percent. "In the short term, it's a good idea," she says. "This way I can put money into markets gradually when they show some im-

Jane Hakham, who manages global equity portfolios for Gartmore Fund Management in

Thomas Robinson, chief international investment strategist for Merrill Lynch, tells his clients that about 20 percent of their portfolios should be in cash with the rest divided equally between stocks and bonds.

UBS, says Mr. Bührer, believes cash and bond exposure should be 62 percent or higher.

At Nomura Capital Management Inc. in New York, president Takeo Nakamura has about York, president Takeo Nakamura has about doubled his normal cash holding to 9 percent and reduced the equity portion of a global portfolio to 33 percent from 38 percent. Bonds account for 53 percent of the portfolio, with five percent beld in gold.

The heavy emphasis on fixed-income instruments reflects the belief that interest rates will be a support the second of the percent and the second of the secon

will continue to drop worldwide - at least in the near term - as central banks try to contain recessionary pressures and stabilize the dollar. We will see a more stimulative style in Japan and Europe," says Mr. Bührer.
"The central banks will have to compromise

With this in mind, some money managers perceive a certain degree of safety in Europe-an stock exchanges. This is especially true for the London market, which was among the hardest hit during the October crash and could benefit from a liquidity-driven rally early next year. Moreover, Britain's economy looks sound, while sterling appears relatively Continued On Page 8

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Continued From Page 7

insulated from the turmoil in currency mar-

For his U.S. investors, Merrill's Mr. Robinson recommends that British stocks account for 28 percent of their foreign portfolios, about double the normal weighting. On the Continent, he suggests a 24 percent exposure.

Ms. Hakham is similary upbeat about London. She has about 20 percent of her assets in Britain and about 15 percent to 20 percent spread about other European markets. "Europe may not be exciting, but it's relatively sale," she says.

Even though the Japanese economy may prove to be the strongest in 1988, Ms. Hak-ham still believes Tokyo is too expensive. Only between 4 percent and 5 percent of her assets are committed to Japanese equities.

Mr. Bührer also believes the market is pric-ey. "In a world of higher risk," he says, "I prefer to underweight Japan even if we have o underperform in the near term."

In contrast, Wallace Wormley, manager of Prudential-Bache's Global Fund, is more enthusiastic. "Japan has held up better than other world markets and looks very strong on a macroeconomic level," he says. He has allocated 50 percent of his assets to the Pacific

Cantion clearly reigns when it comes to U.S. equities. Many fund managers and investment strategists expect the dollar to show some resiliency next year, but gauging the severity of the expected economic damage that should become obvious in 1988 is more

"I want a greater comfort level before committing myself," says Mr. Wormley, Ms. Hakham, who currently has no U.S. stocks in her portfolio, sums it up simply: "If the U.S. market goes up, why shouldn't other markets go up even more."

As for smaller markets, which displayed surprising strength ahead of October's drop,

investors appear less venturesome. Concerned about the prevailing volatility in the markets and fearful that another sharp sell-off could trap them in difficult trading situations, many investment strategists now seem to place a premium on a market's size

and liquidity.

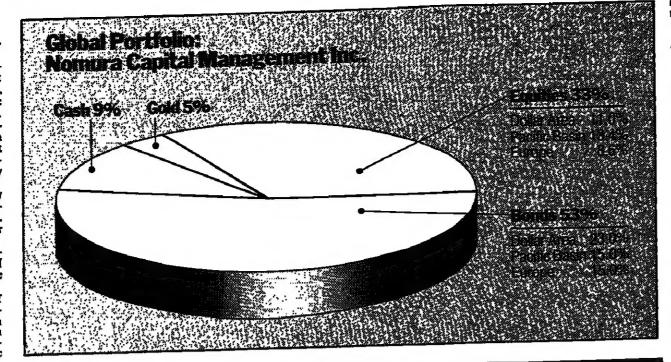
This approach is similar to the so-called "flight to quality" strategy that emerged in equity markets around the world immediately after the crash as investors sought out big, liquid stocks.

Salomon Brothers believes this trend will benefit Japan and the United States, which have market capitalizations of \$2.6 trillion and \$2.3 trillion, respectively. Britain, with a market capitalization equivalent to \$645 billion. lion, is also seen as a major beneficiary.

Some analysts still cite Hong Kong's deci-

sion to shut down for a week after the crash as a reason for caution when investing in this a reason for caution when invasting in this market even though it has generated strong returns up until October. They also express measiness about Singapore, which bore the brunt of foreign selling after Hong Kong

Moreover, recent statements by U.S. officals condemning economic policies of these two small Asian nations, as well as those of Taiwan and South Korea, have raised concerns that their export-led economic growth may suffer next year.



NEW YORK:

Continued From Page 7

think we can protect the lows of October, but that's not compelling enough to recommit to

Bearish strategists warn that even good eco-nomic news will do little to revive the market next year. John Connolly, chairman of the investment strategy at Dean Witter Reynolds, expects corporate earnings to go up sharply in the final half because of tax cuts. But, he says, the market probably will not respond.
"There is going to be a recession, and the market knows that." Mr. Connoily says. "The

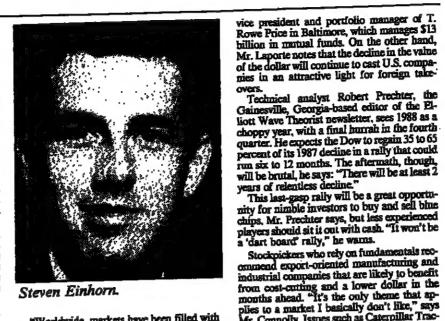
question that remains is when." The Dow could easily see new lows in 1988, be cautions: "Anything that happens between

now and the actual recession is a prelude. It doesn't really matter."

Investor psychology may well get caught in the crosscurrents of next year's presidential campaign. Says Mr. Einhorn: "If a candidate who is viewed as negative for business picks up in the polls, it could be a negative for the policy." market. Likewise, a pro-business candidate could cause a positve reaction." Some strategists have a less bleak scenario.

They say stock prices had risen beyond rea-sonable economic expectations last summer. The decline in October, they say, brought prices to more realistic levels. The result will be to reduce economic growth to a more sustainable pace, thus avoiding a severe reces-

The problem with the markets in the U.S. and elsewhere wasn't a basic change in ecoand ensewhere wash. The markets just got way shead of themselves," argues Michael Sherman, chairman of investment policy at Shearson Lehman. He believes the Dow could top 2,000 by next summer and possibly go as high



Steven Einhorn.

"Worldwide, markets have been filled with fear and confusion that is causing emotional aftershocks," says Martin D. Sass, president of M.D. Sass Investors Services. "Once we get into the new year and can assess the impact of the crash on the economy, we'll see that the fears of economic decline were overblown."

When emotions simmer down, Mr. Sass maintains, foreign investors — credited as a driving force both in the growth and crash of the market in 1987 - will come back. But they will be reluctant until the dollar stabilizes.

"Foreigners have been burned and they are not going to rush back," says Jack Laporte,

Continued From Page 7

slowed; financial stocks and asset plays seemed to be everyone's favorite speculative

All this ended at midyear, when the economy started to strengthen. Powered by an unexpectedly strong jump in housing construction and personal consumption, manufacturing and industrial companies began reviving. Market sentiment quickly shift-

to earnings-driven issues.
This took everyone by surprise, says Timothy Schilt, research director at Morgan Stanley International Ltd. in Tokyo. "You had a fundamental shift in market leadership, and it gave prices a big push through the

Tokyo followed New York and other markets downward in October — the event is known as "Black Tuesday" in Japan, since prices fell a session after the Big Board's 508point debacle. But the drop of about 13 percent to current levels was far less drastic than the declines elsewhere, and the sense of stabil-ity in the market now is far greater.

Although the market is expected to remain flat at least into early 1988, overall economic growth forecasts for next year are at about 4 percent. Domestic growth will be slightly faster and could top 5 percent, analysts say. Corporate earnings are expected to advance

by 15 percent or so; for manufacturers, the range is between 20 percent and 30 percent.

"In the near term, activity is unlikely to pick up significantly," says Hisamichi Sawa, first vice-president at Prudential-Bache Securities (Japan) I ad "Dur the mental main rities (Japan) Ltd. "But the market will move higher before next summer, and the driving force will be improvements in corporate prof-

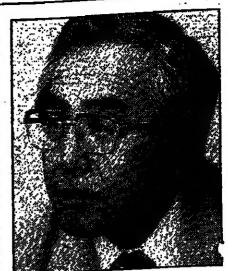
Nonetheless, there are some significant un-knowns. Chief among them is the direction of the liquidity flows that continue to help support the market.

Several factors appear to be undermining the so-called zaitech strategy, by which corpo-rations diverted revenues from fixed investment into financial assets. Zaitech investors have been increasingly skittish since the Tateho Chemical Co., a medium-sized manufacturer, disclosed market losses of some \$200

million last September million last September.

Black Tuesday also played its part, market analysts say. Many zaitech players, including some of the nation's most revered corporate names, are now believed to be sitting on substantial unrealized losses, although none to the property of the pro

has been disclosed. Most important, however, is the economic



Nobumitsu Kagami.

resurgence itself. There are signs that major corporations are reinvesting in productive capacity again to stay competitive in an environment of strong domestic growth.

"A lot of companies must be thinking about whether zaitech is something to continue en-gaging in," says Nobumitsu Kagami, manag-ing director of Nomura Investment Management Co. We already see a gradual shift of funds from financial assets to real assets."

Not surprisingly, fund managers are look-ing chiefly for stocks with high earnings po-tential low multiples and a substantial expo-sure to the domestic economy. The sectors most favored: retailing, machinery and ma-chine tools, electronics on a selective basis and

housing-supply industries. Unlike most analysts, Ron Napier, a senior nalyst at Salomon Brothers Inc. in Tokyo, favors financial issues because they, too, now have multiples in the mid-20s and because 1988 will be a significant year for financial deregulation in Japan.

and the two big Japanese trust banks, Mitsu-bishi and Sumitomo, among others. As al-ways, the sector is also a play on the market itself. He mentions Nomura among the brokers

"If you believe in Japanese crashes, stay out," Mr. Napier says. "If you think the market's coming back, they can be very good

Patrick L. Smith

Continued From Page 7

"The lows we've seen so far will be tested again," he says. "Anyone buying now might well find that there is a lower price to be

achieved on major markets." Hardly more optimistic is Tony Thomson of American Express Asset Management in London. "The French have a word for it: morosité," he says.

Whatever happens, Europe's bourses will be left largely to local investors, say the pro-fessionals. Big. foreign institutional investors found it difficult to exit from European markets when the crash hit and will be slow to

return, the reasoning goes.

"You had a situation where for a couple of weeks liquidity just about disappeared in the Continental stock markets," Mr. Thomson says. "They were grid-locked. There was a day where there was no market-making in German stocks. And that's the fourth-largest

stock market in the world." While the Oct. 19 plunge caused liquidity problems around the world, they were more

severe on the Continental markets because "there are no natural buyer groups" to come to the rescue when a sell-off occurs, Mr. Thomson says. Pension funds, he notes, are not a factor in Continental exchanges, while German and Swiss insurance companies "consider themselves daring" if they allow equities to represent more than a few percentage points of their portfolios.

The strategy of Peter Hadden, pension func-investment manager at Ivory & Sime in Edin-burgh, is typical of the investors who remain. "We're now reorienting defensively, coming out of economy-sensitive and currency-sensitive stocks such as consumer durables and autos, while adding those stocks where there's a clear visibility of earnings growth over the next few years," he says.

Export-dependent stocks in Germany, Switzerland and the Netherlands are seen as the most vulnerable. These companies will feel the effects of the lower dollar in their sales and profits in North and South America and the Far East. Further complicating their outlook has been a recent 2 percent-plus rise in their home currencies against the Latin cur-rencies, particularly the French franc and Ital-

Not surprisingly, the stock market declines in Frankfurt, Zurich and Amsterdam since Oct. 16 have been more severe, ranging from 29 to 31 percent, than in Paris, Milan and Brussels, which ranged from 11 to 21 percent. Rainer Decker, analyst with Commerzbank

in Frankfurt, says German chemical and pharmaceutical stocks — including BASF, Bayer, Hoescht — should prove to be solid defensive stocks.

Mr. Thomson's defensive picks include Veba and RWE, utility stocks. In Switzerland, defensive plays on Mr. Hadden's list include insurance groups Swiss Reinsurance, Zurich Insurance and Winterthur as well as coffee and confection group Jacobs Suchard.

On Amsterdam's market, Mr. Hadden believes National Nederlander, the insurance group, should show earnings growth next year. Unilever, though pricey, "still has to be a core holding in any European portfolio," he

For the Paris market, Mr. Hornett of James Capel sees the CAC bourse index ranging from a high of 325 to a low of 260 in the year ahead. In early December it was hovering around 295. "I was expecting economic growth in France of 2.2 percent," Mr. Hornett says. "Now I'd be very surprised to see growth

"If you have to be in France," Mr. Hornett says, the most defensive plays for 1988 will be utilities such as Générale des Eaux and Lyonnaise des Eaux, food group BSN and the retailer Carrefour.

Jerome Labin, analyst with Jean-Pierre Pinatton, a Paris broker, believes communica-tions stocks such as Hachette and Havas may be good bets, especially if a recession develops. Television broadcasters TF-1 and Canal

Pins are particularly attractive, he says.
"It's black humor, but in a sharp recession, people stay at home and eat yogurt in front of their TV," he reasons. They want to dream and laugh, not think about reality. In the '30s it was cinema, but in the '80s it will be TV."

London-based investment analysts were particularly wary of Italy's stock market in the year ahead, pointing to political uncertainties and its export dependence on Germany, which buys for 40 percent of Italian exports. A no-growth scenario in Germany, they say, would also batter Italy.

Mr. Valeri is projecting economic growth of at least 2.2 percent, which he said should aid the companies involved in the domestic market. Good bets, he said, are insurance companies Generali and Assistalia; cement producer Italcementi; coated-paper maker Burgo, and utilities SIP and STET.

"I'm not bullish," Mr. Valeri said, "but for the short term I think that Italy is better off than the other European markets." Jacques Neher

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LONDON: Continued From Page 7

vice president and portfolio manager of T. Rowe Price in Baltimore, which manages \$13 billion in mutual funds. On the other hand,

Mr. Laporte notes that the decline in the value

of the dollar will continue to cast U.S. compa-nies in an attractive light for foreign take-

Technical analyst Robert Prechter, the Gainesville, Georgia-based editor of the El-liott Wave Theorist newsletter, sees 1988 as a

choppy year, with a final hurrah in the fourth

quarter. He expects the Dow to regain 35 to 65 percent of its 1987 decline in a rally that could

run six to 12 months. The aftermath, though, will be brutal, he says: "There will be at least 2

Stockpickers who rely on fundamentals rec-

Mr. Connolly, Issues such as Caterpillar Tractor Co., Dow Chemical, Temple-inland and

Pheips Dodge get his cantious nod of approv-

Mr. Sass concentrates on the hardest hit

sectors, including economically sensitive is-sues with international business. His favorites

include IBM and smaller niche computer out-fits such as Apollo Computer and Prime Com-

Similarly, George Vanderheiden, a portfo-lio manager of Fidelity's Destiny I and II funds, is looking at firms like Caterpillar Tractor Co., Raychem Corp., International Paper Co., National Semiconductor Corp. and Texas Instruments.

Mr. Laporte at T. Rowe Price is looking for

value in secondary stocks, the segment that has been devastated in the market this year,

particularly since the crash. Secondary stocks have underperformed the S&P 500 and large-

That cycle will end in 1988. Blue chips have substantially outperformed the rest of

short run," he says. "But there will be a

turning point next year when blue chips stop

performing and secondary stocks will start.

Liz Claiborne Inc., Service Corporation, LIN

Broadcasting are a few companies he finds

Cynthia Catterson

company stocks since 1983, he says.

the market, which is likely to co

years of relentless decline.

a 'dart board' rally," he warns.

"All we're saying is that growth will slow from being considerably above the average for the postwar period to being slightly below the average," explains John Young, an economic adviser to Lloyds Bank. Lloyds' appraisal places U.K. gross domestic product at 2.2 percent in 1988 and others see it as high as 2.5 percent. Growth looks even better if the drag of North Sea Oil operations is excluded.

The expending economy means British

The expanding economy means British companies should be able to manage a 10percent increase in earnings next year, figures Kenneth Inglis, research director at Phillips & Drew. That is only marginally lower than the average growth of 14 percent from 1982 through 1986.

"My view is the market will recover its poise," says Mr. Inglis. The test, he says, will be whether the market can develop some independence from Wall Street and focus on the positive factors at home. Moderate inflation is one factor that should

Moderate inflation is one factor that should help the market regain its equationity. Stering's strength, especially against the sinking dollar, will tend to keep import prices in check and inhibit wage increases. "I'm fairly inconcerned about the large increases in wage costs in the U.K.," says William Ledward, an economist at Merrill Lynch in London. "The British wayker is noothy paid."

ish worker is poorly paid."

The government estimates inflation will pick up to 4.5 percent in 1988 from about 4 percent at the end of 1987. Even the private economists who agree the 1988 inflation rate will exceed 1987's believe the government is

A further spur to the economy comes from interest rate reductions by British banks this antumn, which is expected to prop up con-sumer spending. "I'm encouraged by the fact the Chancellor [of the Exchequer Nigel Law-son] has reduced interest rates," Bill Martin, an economist at London-based stockbrokers Phillips and Drew, says. "On the whole, we're

steering the right course."

Consumer spending also may benefit from the government's budget, which is unveiled the second week of March. With tax revenue flowing in at a healthy clip and the government's borrowing requirement low, the odds are in favor of lower income taxes. Many analysts expect the 1988 budget to include a reduction of about two pence from the basic

rate of 27 pence per pound.

Worries about the U.K. economy center on trade. The current account deficit probably will worsen next year, economists say, as the appreciating pound raises the cost of British exports to foreign buyers. If, as widely expected, the dollar drifts lower, exports to the United States would sag. About 15 percent of

British exports go to the United States, Brit-

ain's biggest single customer.

By the end of next year a pound could hit \$1.90, up from about \$1.68 currently, analysts say. At the same time, imports of machinery and other capital goods could rise to support an anticipated increase in investment.

The stockbrokers James Capel & Co. project a 1988 current account deficit of £3 bil-lion, nearly double the £1.6 billion forecast for all of 1987. However, viewed as a proportion of gross domestic product, the deficit appears less threatening at just 0.5 percent of economists. ic output. In any case, a big deficit would hardly surprise the market, and sterling has stayed strong regardless.

The combination of optimism about the

United Kingdom and uncertainty about what will happen in the United States and elsewhere has encouraged investment strategists to focus on domestically oriented stocks, especially ones with recession-proof features. ent entries in that category are brewers and food retailers.

"In difficult times, people still tend to go to the pubs. And one doesn't cut one's consump-tion of food," observed Alex Lyle, who man-ages the £400 million Accumulator unit trust for Allied Dunbar. "As a general rule one is looking at the more defensive areas of the Stocks such as the brewer Bass and food

purveyor United Biscuits are among Mr. Lyle's picks. So-called comeback stocks have canght Mr. Lyle's eye as well. Saatchi & Saatchi, for instance, was battered hard before and during the crash, so the stock stands a good chance of rebounding, he reasons.

Money managers are particularly keen on quality stocks with herty, secure dividends. "With the markets having fallen so much, U.K. companies are beginning to look quite attractive, very good value," notes Richard Hughes, a unit trust manager at M&G. Among his selections are Midland Bank, Trafalgar House, engineering firm Hopkinsons Holdings, insurance brokers Steel Burnill Jones and cleaning concern Sketchley.

Mr. Hughes says a promising sign for the markets is the continued interest of corporate suitors in takover targets. The bidding battle for MK Electric and Granada's quest for Electronic Rentals are just two examples.

Peter Holland, whose management duties for Fidelity include the Famous names unit trust, also emphasizes domestic earners with sound management. His approach favors Beccham, British Airways, Cadbury Schweppes, General Accident, the drug company Wellcome, F.H. Thompkins and Williams Hold-

Marybeth Nibley

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Coin Sales Soar Despite a Hesitant Gold Market

The mints are working hard to meet demand

By Cynthia Catterson

HE gloom that has clouded the stock mar-kets since October has swelled the ranks of investors in bullion coins. But while precious metals may have a universal appeal, experts caution that not all gold coins hold the same kind of global attraction.

Worldwide sales of gold coins increased fourfold in the two weeks following the collapse to more than 500,000 ounces, the Gold Information Center reports. Sales of the U.S. Silver Eagle coin, the current market leader in silver bullion, were even more dramatic. The U.S. Mint says sales rose from 100,000 ounces in the two weeks before the market drop to more than 600,000 ounces in the two weeks after-

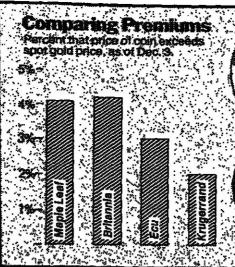
In the absence of another crisis in the financial markets, few metals experts believe the recent high level of demand for coms can be maintained. After all, precious metals prices have been unable to sustain much of a rally in the wake of the Oct. 19 debacle. But most believe the interest in coins will

Stephan Gotwald, vice president at GoldCorp Australia, the government mint, says overall sales of the Australian Nugget have surpassed 300,000 ounces since that coin's introduction last April 23. "It seems certain that sales will exceed our annual forecast of 400,000 ounces," he says.

In large part, the popularity of precious metals coins reflects the desire of investors to diversify their portfolios. And the uncertainties surrounding the financial markets has apparently accelerated pur-chases. "Precious metals are traditionally seen as a safe haven in turbulent times, and for small investors coins are the easiest way to invest in metals," says Alan Posnick, vice president at Manfra, Tordella and Brookes, a New York coin dealer.

Nowadays, many money managers routinely recommend that an individual's portfolio contain gold. Allocations range between 5 percent and 15 percent of total assets even though precious metals prices are still uncertain.

Indeed, metals analysis are hestitant to make any solid projections for metals prices in the coming year until they have a better grasp of the economic indica-tors. "It's a difficult time right now to have any unshakeable views," says Steve Chronowitz, vice president of futures research at Smith Barney.



He believes gold has the potential to rise above the \$500 level, perhaps approaching \$600 during 1988. Silver, whose role as an industrial metal tends to be asized when there are economic concerns, has weakened. But Mr. Chronowitz reckons that prices could move to the \$8 area, if there is no recession.

"At this point everything is up in the air," agrees Bernard Savaiko, senior precious metals analyst at Paine Webber. He believes gold prices will gradually move higher as the U.S. dollar continues to decline. "It has a chance of testing \$510, and going perhaps as high as \$580 before the end of next year," he says. As for silver, he cantions that prices could be depressed, perhaps to as low as \$5.50 per ounce, if

\$7.50 or \$8 by the end of next year, he says. Demand has been strongest for the coins minted by the United States, Britain and Australia, all of which launched national builtion coin programs this year. The Canadian Maple Leaf, the oldest among the popular coins, is also selling well.

there is a recession. If not, prices could move up to

For the most part, a coin's attractiveness is gauged by its "premium," the price it commands above its gold content. Fritz Plass, senior vice president at Deutsche Bank AG in Frankfurt estimates that the four most popular coins trade at roughly the same premium, which ranges between 5 percent and 6 percent above the price of gold.

The South African Krugerrand's premium is about 2 percentage points lower than the other four, but many investors have shied away from the Krugerrand because of political concerns. Moreover, prohibitions on new sales in countries like West Germany and the United States and the possibility of future bans create serious resale problems.



Still, Mr. Plass says that there is an active second-ary market for the coin. "After the Maple Leaf, the Krugerrand is tied with the Britannia in turnover es, followed by the Eagle and Nugget coins, in third and fourth place."

Now that South Africa has stopped minting the coin, Mr. Plass says the political repercussions are moot. "But for investors looking to build a nest egg with gold, the savings on the premium is not worth the risk," he says

John P. Norris, vice president and head of precious metals trading at Citibank, agrees. "You want to

Although the major coins account for 95 percent of the market, other coins contine to draw some atten-

Trading at a much higher premium, yet still appealing because of its numismatic qualities, is the Chinese Panda. "The design of the coins change each year and they are minted in limited editions," says Mr. Posnick at Manfra, Tordella and Brookes. Pre-miums on Panda coins have ranged as high as 20

The half ounce Belgian Ecu was introduced about 3 months ago and carries about a 4 percent premium. Preliminary sales of the European Currency Unit coin are strong experts say, because of the keen interest of collectors in new coins. Moreover, low weight coins are more affordable to individuals. Still, dealers doubt the coin will rival the current major bullion coins.

While dealers say that the new bullion coins introduced this year have helped to widen the coin invest-ing market, they question how much room is left for

Bruce Kaplan, senior vice president at A-Mark Precious Metals, in Beverly Hills, California, sugsts that the going could get tough for the Britannia

coin, for instance, once the novelry wears thin.

"It's going to be a rough upward battle for the Britannia because the Eagle and the Maple Leaf are already entrenched and backed with large promotional budgets," says Mr. Kaplan. He estimates that the Britannia will capture roughly 4 to 5 percent of the world market after its first year.

"Quite clearly we have seen the saturation point for new coins," adds Deutsche Bank's Mr. Plass. Unless someone has a brilliant idea for something new. For now everyone has their me-too products and I think the market is satisfied."

How Pure is Pure?

Next to liquidity and premiums.
Jactions such as design and purity come and play when choosing a coin. The Capacian Maple Leal and the Australian Stipget are 0.9999 percent pure gold. But the Eagle, Britannia and Krugerrand have a 0.9167 purity because a copper and silver alloy has been acted to harden the coms. The perity of the Belgian Scu is 0.9000.

Atheograph design appear signi, the purity issue remains at the center of a curious debate among

serious collectors. And the

serieus collectors. And the disagreement has yet to be resolved.

Those who tavor the less pure coins argue that these gold pieces are more durable than the softer se-called "1.15. The furnish, however, insist that coins with the highest gold content maintain their premiums over time. Alloyed coins are less valuable on the resale market, they say because of meit down costs associated with removing the other metals.

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Mining Asia's Small Markets

Asia's largest export market, Mr. Mobius also expects Japan to play a direct role in supporting Asian equity markets as Japanese mututhemselves to overseas share own-

"The Japanese are only begin-ning to get their feet wet in foreign equities," he says. "The collapse won't necessarily accelerate this, but these markets are becoming steadily more attractive to them ANYWAY.

Seoul and Taipei — markets Mr. Mobius avoided assiduously earlier on - are now his favorites in the region. The Taiwan Stock Exchange is off 42 percent from its high this year. Although the Korean market has fallen only 6 percent, Mr. Mobius is interested in convertible bond issues such as Samsung's, which have dropped much further.

Most of his effort, however, has been toward finding indirect plays in these two markets, since direct investment by foreigners is banned. South Sea Textiles, a Hong Kong-listed concern, has re-cently brought a Taiwan subsidiary into the listed company, for

Another example is Elders IXL, the Australian conglomerate that listed a subsidiary in Hong Kong several months ago. Elders investments (Hong Kong) Ltd. has two glass-manufacturing units in

"I don't want to be locked into any of these companies," Mr. Mobius says. "But at the end of the day, Korea and Taiwan are the most dynamic countries in Asia. You've got to be there when you

The next target is Thailand, whose economy is entering a classic take-off phase fueled partly by an influx of new investment from Japan and elsewhere. The Securities Exchange of Thailand has fallen 39 percent since its October

The stocks Mr. Mobius is accumulating are the familiar blue chips: Bangkok Bank, Thai Farmers Bank, Siam Cement and Industrial Finance Corp. of Thailand.
Because of the ceilings placed on
foreign ownership of Bangkok
shares, buying into such issues in quantity is now possible for the first time all year.

When it comes to Manila, liquidity and depth remain chronic problems. Nonetheless, Mr. Mobius is attracted by Philippine Long-Distance Telephone, San Miguel and Philippine International

"We're not really interested in whether Mrs. Aquino faces anothwhether Mrs. Adding faces another comp, or whether there's a devaluation," Mr. Mobius says of his Manila investments. "The underlying earning power is there, even if you've got instances when things look rather bad."

Although the Singapore and Kuala Lumpur markets have fallen 43 percent and 38 percent, respectively, from their peaks, Mr.



Mark Mobius: Pre-crash value was scarce.

Mobius remains cautious about them because they are traditionally the priciest of Asia's small mar-

Airline System to the Emerging Markets portfolio. In Singapore, he is only looking. "I may start buying at some point," he says, "but the values

In Kuala Lumpur, Mr. Mobius is adding Malaysian International have simply been too high for us to

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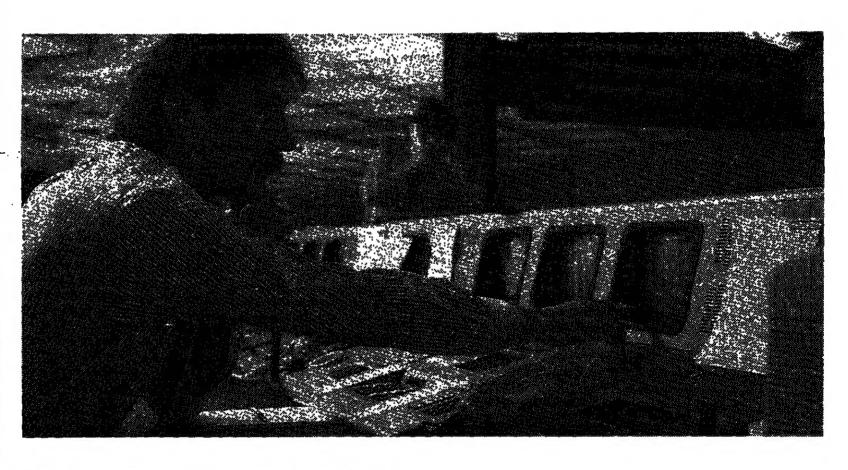
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STRATEGY

Of Mounting Enthusiasm

By Alice Oshins

EYOND conventional collectibles such as English silver or Oriental carpets lies a part of the market driven by fashion or nostalgia. It is here that the market's alchemy can best be seen as it tranforms cast-offs and curiosities into prized objects on the auction block.

One of the thrills of collecting is spotting these trends early while the items are still affordable. Conversely, there is the satisfaction of finding some long-treasured personal object is suddenly in vogue.

The trends strike quickly. "Enthusiasm es-

calates," says Maggie Bishop, decorative arts consultant for Bonhams in London. "And when people start to see the prices going up, it

just snowhalls."

These niche markets are often volatile, but that hardly deters collectors, who tend to be driven more by passion than profits. Here are three areas that caught fire this fall and bear watching in 1988, say observers of the auction

Animator's Art

Fans of Walt Disney animation have long been willing to pay as much as \$30,000 each for celluloids, the gouache paintings used to produce the cartoon films. But as recently as 1982, auction houses found no market in the preliminary sketches for the celluloids. The sketches were simply given away with the celluloids, recalls Dana Hawkes of Sotheby's in New York.

"We couldn't get a price for the sketches," she explains, "so we put them in with the celluloid to complete the package."

That changed last June at a Sotheby's comic art auction in which a preliminary black-andwhite drawing of Snow White and five dwarfs fetched \$1,400. A drawing of Bambi sold for

While a sketch won't fetch the overall price of a celluloid, they are definitely moving

up in their own range," she says.

Ninety out of 100 preliminary drawings at a
Christie's comic art auction last month were
sold, many at far above estimates. A threecolor storyboard of Dumbo sold for \$1,000. double its estimated price of \$500. An original sketch of "Steamboat Willie," one of the earli-est Mickey Mouse shorts, fetched more than

Celluloids command a higher price than sketches because they are in color, says Ms. Hawkes. But as collectors come to know more about Disney's work, they are realizing that the preliminary drawings are closer to the original work of the artist. The celluloids were copied from the drawings.

In the preliminary drawings, the artist tested character, scene and storyline. "People are seeing the artist work is in the drawing and not in the finished product," she says.



A 1942 sketch of Disney characters Bambi and Thumper.

Lalique Bottles

Collectors have been fascinated by the art of René Lalique since he began to design jewelry and glass in the 1890s, but recently a new market in his perfume bottles has emerged. These exquisitely crafted bottles are appreciating faster than other examples of

In 1907, François Coty, the perfume producer, persuaded Lalique to design a bottle in which Coty's perfumes would be sold. Until then, bottles were purchased separately and refilled as needed. Over the next 35 years until his death in 1945, Lalique produced hundreds of designs in bottles that women purchased separately or with perfumes by Worth, Roger et Gallet, Guerlain and Molinard.

At Sotheby's auction in November, two lots of three perfume bottles by Lalique were sold at more than double their \$1,200 estimate. At an October auction at Bonham's in London, a bottle for Baiser du Faune, a scent by Molinard, was auctioned at £4,400, a record for a perfume bottle.



Sotheby's sold this copper-andsilver tea caddy for \$800.

"This market for Lalique is exploding," says David Weinstein, New York collector. 'We weren't seeing these prices for the perfume bottles years ago. As people move into

the market, we're seeing much higher values." While most bottles cost upward of \$100, premiums are paid for those with color, elaborate designs or stoppers and in the original packaging. "Collectors are scouting not only for beauty but for rarity in this market," says
Bernard Danenberg Paris-based dealer and
specialist in Lalique. "In some cases, you can
name your price for a very rare bottle."

Mixed Metal

When a piece of late 19th-century American mixed-metal flatware or hollowware comes up at auction, says Sarah Shinn Nerea, silver specialist at Sotheby's in New York, it typically goes at about double last year's prices. "It's not a matter of inflation." she says, "these items are really being pur-

At an October auction at Christie's in New York, a 142-piece, mixed-metal Tiffany flatware set, which was estimated at \$10,000 to \$15,000, sold at \$99,000. A Gorham silver. pitcher with a copper handle in the shape of an elephant, estimated at \$3,000 to \$5,000, fetched \$8,800.

American mixed metals were made in the 1880s and 1890s by Tiffany, Gorham and Whiting, among others. These pieces reflected society's reaction to industrialization and yearning for the work of the craftsman by their hand-hammered surface, mixing of met-als, whimsical design and nature motifs.

"People are seeing how original and fun these pieces are," observes Ruth Crocker at Christie's. "They are really a highpoint of American design,

The silver pieces with gold, copper or brass are most highly sought after, says Ms. Crocker. But work that is mainly copper has also begun to entice collectors. For example, Ms. Shinn Negrea say a Gorham copper and silver tea caddy, which sold at its \$800 estimate last month, would not have topped \$300 three years ago. "Perhaps, that's another good area to start collecting," she says.

January: **Market Scoreboard**

Assessing The Effect

T'S THAT time of year again. Around mid-December, students of the stock market can be heard debating the probable outcome of the January effect," one of the most In all but four years since 1938 stocks with small market capitalizations — generally less than \$200 million — have outperformed large stocks in the month of January. The effect is also observed in stocks that were selling at prices sharply below past levels in recent months and in issues that do not pay dividends.

This year, the January effect is drawing more than the usual amount of interest. One reason is the October stock market debacle, which hit smaller stocks relatively harder than larger stocks. Another reason is the publication of a book, "The Incredible January Effect: The Stock Market's Un-solved Mystery," by two academ-ics, Robert A. Haugen, professor of finance at the University of California at Riverside, and Josef Lakanishok, a professor of finance at the University of Illinois at Champaign-Urbana. (The publisher is Dow Jones Irwin Books of Homewood, Illinois.)

In a lively, almost narrative style, the book reviews the vast amount of literature on the January effect, which has ignited some heated debate. Among the numerous theories explaining the effect is one based on tax-loss selling.

The argument is that investors tend in December to sell their worst-hit stocks, both large and small, to record capital losses as tax write-offs. Then, in January, the small stocks with narrow market capitalizations tend to show a bigger percentage bounce when investors re-enter the market.

The tax-related argument has been undermined a bit by studies of non-U.S. markets that show a January effect in countries where there is no capital gains tax or where the tax year ends during the middle of the year. Studies of British shares show both a January effect and a weaker April effect, which coincides with the close of the U.K. tax year. Other theories cite the tendency of investment managers to cull out the weakest issues or lesser-known stocks from their portfolios before showing the books to clients at year-end.

Most of the January effect is found in the first two weeks of the month. Indeed, last January the effect was virtually confined to the first two weeks, and small stocks underperformed for the last two

That made 1987 one of the four

Stocks on the New York, London and Tokyo exchanges that showed the largest percentage gains andiosses in November Percent New York Stock Exchange: Compiled by Media General Financial Ser-10.38 13.50 Environ TRT & tech 51 32 31 30 30 29 28 27 E.F.Hutton Group USPCI Inc. A.H. Robins Co. 45 41 30 29 27 26 26 17.50 11.63 Stop & Shop Cos. Baker Hughes Inc. Norsk Hydro ADR Amax Gold Inc. 20.13 Asarco Inc. Bell & Howell Co. 10.50 12.13 10.00 Club Med Inc. Brunswick Corp. Pay'n Pak Stores Computer Factory Northeast Savings Hecla Mining Corp. Am. Barrick Resources 13.00 U.S. Shoe Corp. Harley-Davidson American Stock Exchange: 19,50 Halinc. St. Joe Gold Corp. 26.00 12.50 10.63 Taiwan Fund Inc. Arundri Corp. O'okiep Copper Co. Western Digital Texas Air Corp. Beard Co. Duro-Test Corp. Over the Counter: **Driefontein Consol.** Sippican Inc. Matrix Science Corp. 11.14 16.00 Charming Shoppes Inc. 13.00 22.75 Seaman Furniture Co. Baldwin & Lyons (A) Norsk Data ADR (B) Eastern Bancorp Inc. London Stock Exchange: Compiled by Morgan Startley Capital International Prices in pence. 37 34 32 29 27 26 25 25 24 Thom-EMI Kleinwort Benson Davy Corp. Ultramar Wellcome 143 240 828 DeBeers (S.Africa) Lex Services BAA (British Airport) **Great Portland Estates** 281 174 Ranks Hovis McDougali 203 104 249 195 113 Willis Faber Rolls-Royce Woolworth Holdings Greenhall Whitiev Rothmans International Dixons Group Charter Cosolidated Tate and Lyle **BBA Group**

years since 1938 with no January effect. It also was an object lesson in the potential difficulty of trying to exploit the effect. In any event, it is important to remember that the January effect only calls for small stocks to outperform large ones in most years, which could simply mean they do not fall as far

Tokyo Stock Exchange:

Joshin Denki

Toyo Sash

Sony Hind Motors

Yamanouchi Pharm.

Matsushita Comm.

Stanley Electric

Compiled by Morgan Stanley Capital International. Prices in yen.

"There are two things to keep in mind this year." says Mr. Haugen. The first, he says, is that research shows that "you can expect the January effect to be roughly twice as big if prices fall during the months of July through Novem-

as large stocks.

Total Return for 12 Months

Given the wrenching decline of

Total return measures both the changes in the prices of sepurities and the internal they o

recent months, "you would expect the effect to be larger," he notes. But an opposing force is the far greater volatility of the market than in past years, he warns. "The market is reacting very sharply to news," he says. "If we get some negative information that affects small stocks, that could offset the

5,880 4,700 530

3,800 3,620 1,470 2,010

Tokyu Land Teikoku Oil

Tokyu Corp.

Okumura

Takashimaya

Sagami Railway

Mitsui Osk Lines

Kerhin Electric Exp.

Mitsui Warehouse

Sumitomo Realty & Dev.

Mr. Hangen's book suggests a number of ways to play the January effect using futures contracts, index options and the direct pur-chase of shares. But the easiest way for individuals is using mutual funds that focus on smaller stocks. It helps if the fund is run by a management group that allows low-cost or free switching among funds, which keeps the transaction costs low. Two examples are Fidelity OTC Fund and the T. Rowe Price New Horizons

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He cantions against using small-company mutual funds that tend to call out their worst performers. as this amounts to shedding the very issues that would be expected. to show the most bounce. Another possibility is U.S. mutual funds that specialize in international markets, he says. The January effect seems far less related to size in non-U.S. markets, Mr. Hangen

William McBride

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Bonds: Disdain for the Dollar

Continued From Page 7

four-fifths of the 25 percent return on yen bonds and the 23.8 percent return on Deutsche mark bonds

In contrast, U.S. government bonds have returned a scant 0.80 percent this year, according to the Salomon Brothers index. Investors who keep their books in yen or Deutsche marks have seen deep losses on the U.S. bond portfolios.

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at the Diamond Club Bldg

Currency becomes an even more crucial factor than usual in 1988, say many analysts, because the interest rate outlook is far less certain. Investors will not be able to count on further dramatic interest rate cuts in the major economies to push up bond prices. Indeed, more than a few analysts are worried that 1988 will see higher interest rates. Salomon Brothers' strategists

see a brief period of sluggishness in the U.S. economy followed by a revival that will push interest rates higher in the latter part of the year. They also expect monetary conditions to be less accommodative in Europe and Japan.
Jeffrey Hanna, a managing di-

rector, told clients at the firm's annual briefing last week that the result will likely be "a scary year for portfolio managers."

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A buoyant economy and a still weak dollar also spell higher inflation, a major worry for bond investors, warns Aidon Hatton, a portfolio manager at Alliance Capital Management in New York. "I think it's going to pick up significantly," he says. "There may be times that it will look like it's going to be in double digits, but I don't think it's going to get

Not all analysts are that pessimistic about the U.S. interest rate outlook. Michael Rosenberg, an international fixed-income strategist at Merrill Lyuch, believes U.S. ronds prices have been hammered down so far that they "offer at-tractive value at these levels" over the next three to six months.

The U.S. economy is not as vi-brant as some would believe, says Mr. Rosenberg. "I think we're go-ing through a significant slow-down in U.S. money supply growth" that will constrain

growth, he says.

Meanwhile, rapid growth in the money supply and heightened economic activity in Europe and Ja-pan could raise inflationary expec-tations in those economies, he cautions. "You're not going to see a great deal of improvement in the German bond market," he says. This scenario foresees U.S. interest rates falling a bit and European and Japanese rates moving up

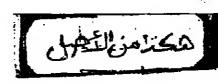
Mr. Rosenberg's bond portfolio recommendations place about 25 percent in U.S. dollar securities percent in the Deutsche mark, 30 percent in yen and 10 percent in sterling. The balance is in Canadian, Australian and New Zealand dollar bonds.

Mr. Thomas at Midland Montagu ranks the Deutsche mark and related currencies as the most attractive alternative. "The room to reduce German interest rates is not excessive," he acknowledges. but there may still be scope for another cut in official levels.

While the yen continues to be a popular alternative to the dollar. the volatility of the Japanese bond market has unsettled foreign in-vestors. Yet, Mr. Sheath notes that yen bonds could pay off hand-somely if the Tokyo stock exchange, which has fallen only about half as far as other major equity markets, were to slide.

Correction

In the Market Scoreboard of the Nov. 9 Personal Investing the change in the prices of several of the top performers in London were inadvertently listed as percent gains instead of losses in October. Although they were among the top 10 performers, the share prices of Equity and Law, Woolworth Holdings. Associated British Foods, Whitbread A, British Telecom, Provident Financial, Bank of Ireland and British Gas declined during October.



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EUROBONDS

New Issue Volume Chilled By Lack of Glad Tidings

By CARL GEWIRTZ

otional Herald Tribunc ARIS - To the distress of banks, who count on high volume to defray their own high operating costs, the Eurobond market is shutting down early for the year-end holidays. Investors — unwilling to try to outguess where interest and currency rates are headed — are building cash reserves. Borrowers, who are in no urgent need of funds, are prepared to wait for more propitious conditions to tap the market.

Some increase issuing activity is in the pipeline for just after the holidays as banks are unwilling to launch new issues now and get

Japanese investors

reason to commit

the bond market.

in particular see little

their cash reserves to

stuck holding paper until January.

However, the opening months of the new year are not likely to be very active. Bankers expect that the biggest pool of cash. held by Japanese institutions is likely to remain stagnant for much of the first quarter.

Barring a sudden willing-ness by Washington to renew a commitment to stabilizing the dollar, investors in Japan are not expected to move off the sidelines until the Decem-

ber U.S. trade figures are reported in mid-February. This view, of course, assumes that U.S. imports by then will have declined substantially—giving reason to hope for a stable or improving dollar exchange rate.

Another reason for caution among Japanese investors, analysts report, is concern about what then will be the approaching fiscal year-end in Japan. There is some concern about what Japanese companies will decide to do with their off-balance-sheet financial investments ahead of this March 31 deadline.

These Tokkin funds are largely invested in equities, mostly Japanese, but also American, as well as in financial futures. These investments are currently estimated to be showing big losses and it's feared that companies may use their traditional year-end review to get out.

XPERTS ESTIMATE that total Tokkin funds currently amount to some 12 million yen, about \$92 billion. Even if a only a small portion of such funds are liquidated, the resulting sales pressure on stock prices in Japan as well as in the United States could be quite heavy and disruptive to other financial markets.

If the Japanese are sidelined, it's hardly likely that European or Middle East investors will rush into new commitments.

But this does not mean that the outlook for the Eurobond market is totally gloomy. According to last June's report from Orion Royal Bank, interest and principal repayments on outstanding Eurobonds will total a berty \$19.5 billion during the first quarter. Historically, the bulk of these reflows have been reinvested in new issues.

What happens next year is anybody's guess. According to Orion's figures, about 66 percent of the reflow will be in U.S. dollars. If the dollar is still weak, foreign investors might decide to remain in dollars rather than book a foreign exchange loss by switching to another currency.

But even assuming there is no switch out of the currency, it is by no means certain that the money would go back into Euro-bonds. Short-dated Euro-commercial paper could attract these funds if interest rates show little chance of declining.

In the new-issue market last week, the Deutsche mark sector was the most active with four offerings totaling 625 million DM. Bankers report that issuers are eager to tap the market to lock in low-cost funds while domestic investors are eager buyers.

Eurobonds are increasingly popular with domestic customers because of the Bonn government's plan to impose a withholding tax on domestic interest payments. It is expected that Eurobonds will be exempt - at least those issued by non-German entities. Thus it was some surprise to see IKB International, the Luxembourg unit of the Düsseldorf-based industrial finance bank, tap the Eurobond market.

However, like Ireland's Industrial Credit Corp., the IKB shortdated issue was essentially a private placement. Mount Isa Finance NV, a subsidiary of the Australian mining company MIM Holdings Ltd., offered a coupon that was about # point higher than domestic issues, but the credit standing of the borrower meant the paper was not sought after and ended the week at a discount of 24 points.

Swedish Export Credit Corp. offered 300 million DM of five-

year notes - short maturities are the current favorite - as well as two-year currency warrants carrying a fixed dollar/DM exchange rate of 1.6725 DM. Including the offering price of 12½ DM per warrant, the exchange rate would have to move up to 1.79 DM for investors to break even.

Professionals complained that the terms were too unattractive See BONDS, Page 13

Last Week's Markets All figures are as of close of trading Friday

Stock la	dexes			Money Rates	•	
United Stoles			Chige	United States	Dec. 11	Dec. 4
DJ Indus.	1,867.04 175.62		+1.44 %	Discount rate Federal funds rate Prime rate	64 54	\$76 \$74
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Japan	23,035.51	22,402.75	+1,92 %	3-month interbank britain	3.80	3.60
. Commercibik	1,304.65	1,296.70	+043 %	Bank base rate Call money	81/2 81/4	8/2 87/33
Hone Sens	1,989.58	1,994.22	-0.23%		c.11 Dec.4	Childe
MSCIP	397.40		+3.19 %	London p.m. flacs 49	3.50 484.25	+1.07%

Currency Rates

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Scorces: Industric Bank (Brussels): Banca Commerciale Hallana (Milan): Salayer Nai de Poris (Paris): Bank of Takyo (Takyo): IAIF (SDR); BAII (digar, rival, dictions): Go (ruble). Other data from Reviers and AP.

In EC, Outlook on Car Pollution Remains Murky

BUSINESS/FINANCE

New Rules, Plans Face Challenges

By Jacques Neher

PARIS — Backers of long-awaited European limits on car-exhaust pollution say they are on the road to aiding dying forests, but the political environment for cleaner air is murkier than ever.

Environmentalists say the new emission standards for medium sized and large autos, recently approved by the European Community after four years of battle, are too lax.

And as the community's executive Commission prepares to start a new, and potentially more divisive, debate over pollution limits for

small cars, environmental groups have pledged to continue to seek adoption of the stricter U.S. rules on emission. About half of the 10.5 million cars sold annually in the 12-nation European Community are small, so tough limits would have great economic and political impact, analysts said.

The EC's environmental ministers voted 10-2 on Dec. 3 for the so-called "Euronorm" emission standards, which were the result of a compromise reached in 1985.

Denmark, which had been holding out for Europe to adopt the U.S. Environmental Protection Agency standards that have been in force since 1983, voted with Greece against the directive, which is nonbinding. Denmark is threatening to enact the EPA standards on its own, a move likely to be challenged in the European Court. It is also feared that other EC countries may ignore the new

minimum standards called for in the directive. "We still have an awfully complicated picture," said Tony Budd, technical liaison manager for Johnson Matthey PLC in Britain, a major producer of catalytic converters used to control car exhausts. The directive's standards, to be phased in between 1988 and 1993. would cut emissions of carbon monoxide, hydrocarbons and nitrogen oxides by between 30 percent and 50 percent from their present levels.

These gases are thought to be a major cause of the formation of acid rain and pollution of the ozone layer, which many scientists say is responsible for the yellowing of Europe's conifer forests.

The rules would take effect next October for new models with engines over 2 liters, the heaviest polluters. New models with engines between 1.4 liters and 2 liters would have to meet a less-strict standard taking effect in October 1991.

The directive also establishes a weak "first-stage" standard for



A workman loading smog signs in Munich. Pollution from car exhausts is considered to be harmful in forests.



A French traffic iam. Environmentalists say the number of cars in Europe and distances driven are increasing.

small cars under 1.4 liters, to take effect in 1990, But Michael Berendt, an EC spokesman, said that a much stronger limit would be introduced for consideration by the end of this year.

"We're quite satisfied," said Hanns Glatz, secretary-general of the Comité de Liaison de la Construction Automobile, an auto industry lobby in Brussels. "The years of debate are starting to show their first

He acknowledged that the compromise standards were weaker than the EPA limits. But he asserted that different conditions in Europe, such as smaller cars and higher speed limits, would produce the same effects environmentally as EPA rules do in the United States.

Not all car makers are happy with the new rules, however. "This is a step in the right direction, but it's clearly not enough," said Hans Renstrom, a spokesman for Sweden's Volvo AB.

Environmental groups said the new standards would be useless in the face of an increasing number of cars and the trend in Europe toward driving greater distances.

"In terms of gross emissions, the problem will be as bad as it ever was," said Roger Higman, a transportation specialist with the London branch of Friends of the Earth, an international environmental group. He noted that between 1975 and 1985, the mileage logged by all

vehicles in Britain had increased by 55 percent.

Plans to end border controls within the EC by 1992 and construction of the tunnel under the English Channel will likely lead to a surge in driving in the 1990s, he said.

Mr. Higman said he hoped Denmark would follow through with threats to enact the EPA standards, as Austria, Sweden and Switzerland, which are not EC members, already have done. Such a move by Denmark would likely be challenged in the European Court and draw public attention to the environmentalists' argument, he said. A recently approved amendment to the Treaty of Rome, the EC's

founding agreement, allows a member country to break with an EC directive if it can prove it would impair public health or the environ-

Meanwhile, the Common Market has split into two camps on informal proposals for reducing pollution from small cars, according to industry sources.

West Germany, Denmark and the Netherlands, they said, are supporting stricter standards that would require small cars to be equipped with three-way catalytic converters. The catalyzers would

See EXHAUST, Page 13

Citicorp Brokers Reportedly **Violated Rules**

By Kathleen Day

Washington Past Service
WASHINGTON — Citicorp's regulations, Citicorp sources say. The transactions may have broken foreign and U.S. securities laws, according to sources in Congress. Citicorp, the largest U.S. bank holding company, has just com-pleted an investigation of its Lon-don office, which oversees the com-

pany's European securities trading offices, Citicorp sources said. The trades in question far exceeded the daily exposure limit of several million dollars set by Citicorp, sources at the company and in Congress said. The company

sources said the internal investigation focused on Citicorp's securi-ties-trading office in Dublin, which lost at least \$25 million. Citicorp's traders in Europe by passed company regulations by failing to record transactions, an

apparent violation of U.S. and foreign securities and banking regulaions, the congressional sources Citicorp's spokesman, John Ma-loney, would not confirm or deny the reports. But he said Citicorp's

losses from the Oct. 19 stock market collapse were not large enough to require a report to shareholders. Citicorp earned more than \$1 billion in profit last year.

Mr. Maloney said that Citicorp routinely notifies U.S. regulators of

any internal investigations. Any violations of law are referred to U.S. regulators or to foreign governments, whichever is appropriate.

The Federal Reserve Board, the federal agency that regulates bank holding companies, has been in-formed that Citicorp had problems in its London and Dublin securities offices, congressional sources said. Citicorp officials informed the

mittees several days ago about the problems so that news of the loss would not take lawmakers by surprise, sides to the committees said. The reports that New York-based Citicorp had trading problems come at a sensitive time for the U.S. banking industry.

U.S. banks and regulators are close to convincing Congress to let commercial banks into the business investment hanking office in Lon-don lost an estimated \$40 million during the stock market collapse on Oct 19 the wake of the stock Oct. 19 through stock transactions in Europe that violated company passed the Glass-Steagall Act of passed the Glass-Steagall Act of 1933, separating commercial bank-ing and investment banking. One of the U.S. banks' argu-

ments for getting permission to re-turn to domestic investment banking is that they have for years been

ng is that they have for years been performing such activities abroad without mishap and without adding risk to the parent bank companies, congressional aides said.

Citicorp would be the second major U.S. bank group since the stock market plunge to have securities losses, and possible legal violations, become public First Ontions tions, become public. First Options of Chicago Inc., a securities options clearing unit of Continental Illinois Corp., wrote off \$90 million in con-nection with the collapse and was reprimanded by federal regulators for improperly borrowing money from its bank parent, Continental

Illinois National Bank & Trust. Continental Illinois is allowed to own First Options because the unit is a clearing house that matches buyers and sellers of stock options and options on stock indexes. First Options does not buy and sell stock for its own account because such activities are barred by the 1933 U.S. law.

Citicorp's reported problems in Europe could provide ammunition to opponents of U.S. banking de-regulation, who could claim that even sophisticated banks like Citicorp cannot exercise full control over the investment banking opera-

tions they already have.

Details of Citicorp's problems in
London and Dublin are reported in
this week's issue of Business Week. The magazine reports that Chris Weafer, a Citicorp trader in Dublin, is being blamed for exceeding company trading limits in stocks. Mr. Weafer, reached in Dublin Fri-House and Senate banking com-

day night, would not comment. The magazine says that on Nov 19. Francesco Redi, who heads Citicorp's trading operations in Brit-ain and Ireland, resigned as a result of the losses and violations of company policy. He could not immediately be reached for comment.

The price of oil is near eight-

West Texas Intermediate, the

benchmark U.S. crude oil, closed

Friday on the New York Mercan-

tile Exchange at \$18.25 for January

Analysts said the planned agree-

ment was unlikely to halt overpro-

duction by OPEC members such as

month lows because of overproduc-

Toy Stocks' Prospects Bleak This Midwinter

Analysts Cite Flat Sales, No Hot Items

Vartanig G. Vartan New York Times Service NEW YORK — As Christmas

approaches, there is little cheer among stockholders of toy companies - and for good reason. Share prices have plunged far below levels of a year ago.

"This is a poor year for the toy industry," said Sean McGowan of Balis Zorn Gerard Inc. Retail sales are flat and no new products have emerged as giant hits." Laurie A. Lively of Oppenhei-

mer & Co. sees the industry's cheerless prospects also resulting from higher costs for manufacturers who had expected past growth trends to

Harold L. Vogel of Merrill Lynch said he had been "very wary" of toy stocks for 18 months. He recommends that investors continue to view the group with

great skepticism." Within the last 52 weeks, shares of Tonks Corp. have dropped to \$8.375 on Friday from a high of \$25; Mattel Inc. is down to \$7.625 from \$15.875, Hasbro Inc. has fallen to \$11.375 from \$26.50 and Coleco Industries has declined to

\$4,125 from \$12,625. As for Worlds of Wonder Inc., whose Teddy Ruxpin talking bear was a big hit last Christmas, shares have plunged to \$1.25 from \$24.25, as earnings collapsed.

"From 1980 to 1985, toy shipments grew 22 percent annually and profits rose even faster," the Value Line Investment Survey said. "The rapid gains were a result of the unusual popularity of a number of mega-hit toys which drew large crowds into the toy stores. These toys included Coleco's Cabbage Patch Kids, Mattel's Masters of the Universe, Hasbro's TransFormers and Tonka's Gobots and Pound Puppies."
But many of these products

peaked in 1985, according to Value Line. "To make matters worse," it said, "the newer toys are not as profitable, so margins are narrow-

The advisory service accords three stocks — Coleco, Hasbro and Touka — its lowest performance rating over the coming year. It ex-pects Mattel to move in line with the general market. Mr. McGowan takes a negative

view of Tonka, which he describes

as overburdened with debt as a result of its acquisition of Kenner Parker Toys. Tonka enjoyed record profit of \$3.04 a share last year, up from \$2.99 in 1985, but expects to lose

about \$8 million this year. The

company forecast at least break-even results for 1988. Shares of Mattel, creator of the

Barbie doll, traded recently at new lows since 1984. "At current depressed prices, I am positively dis-posed toward Mattel," Mr. McGowan said. "I think earnings will be close to break-even in 1987 and estimate next year's profits at between 50 cents and \$1 a share." The analyst also favors Tyco

Toys Inc., a much smaller company whose main products are electric car racing sets and electric train sets. Tyco's shares closed Friday at \$7.875, down from a 52-week high of \$15,375. Tyco is the lone toy stock recom-

mended by Ms. Lively of Oppenheimer, who describes it as "the only publicly owned toy manufacturer with positive sales and earnings momentum." Tyco carned 72 cents a share last year on a fully diluted basis and she projects prof-its for 1987 at \$1,40. Her estimate for next year is \$1.70 a share.

Last year, Tyco's sales were \$87.7 million. Ms. Lively expects sales to increase to \$152 million this year and to \$200 million in 1988. Tyco also makes radio-controlled vehicles, battery-powered vehicles and plastic building blocks. Early in 1988, the company is expected to introduce a line called DinoRiders, which the Oppenheimer analyst describes as authentic scale replicas of dino-

saurs, complete with battle gear."
Hasbro's stock had been a phe-nomenal performer, climbing from as low as 50 cents a share in 1981, adjusted for numerous splits, to a peak of \$30.875 in mid-1986. Over this period, earnings rose from 18 cents a share to \$1.71 last year. However, profit is expected to de-cline this year, the Oppenheimer analyst's estimate is 80 cents a

Hasbro has a broad line with promotional toys, Milton Bradley board games and Playskool toys and infant products, Standard & Poor's Corp. attributes the prospect of lower earnings in 1987 to weak industry conditions and Hasbro's increased spending lev-

OPEC Plan to Extend Pact Hits Snag Over Output Computed by Our Stoff From Disputches bia believe this would drive clients

VIENNA - OPEC's efforts to away to other oil exporters. reach a makeshift pact to extend its current \$18 per barrel price ran into problems on Sunday because few months of 1988, it would keep of differences over how much oil prices firm and give OPEC the chance to raise prices at its next the group should produce next

munisters had hoped to push through a compromise, delegates said. But Iran, backed by Algeria, Libya, the United Arab Emirates suggested that the group should and Gabon, wanted the Change and Cabon. sharply to raise prices. Iran has suggested that the group should still be charging its defunct 1985 and Gabon, wanted the Organization of Petroleum Exporting Counreference price of \$28. tries to agree to produce less oil in

the first quarter of next year.

Demand typically falls in the quarter with the approach of spring in the Northern Hemisphere.

find a way out of the impasse; officials said. Some delegations had not anticipated such last-minute problems and had reserved seats on Iran wants OPEC to raise prices flights home, they said. The compromise deal, worked but Gulf states such as Saudi Ara-

out in five days of talks, would have though it had wanted an official Traders said that if the group months of 1988. agreed to reduce output in the first

Ministers met privately to try to

set OPEC output at 15.06 million barrels a day for the first six That was arrived at by subtract-

ing Iraq's theoretical quota from the present ceiling of 16.6 million, officials said. Under OPEC's existing produc-tion-sharing accord, which expires Dec. 31, Iraq has a notional quota

of 1.54 million barrels a day, although it did not sign the accord. The agreement would have excluded Iraq, which has demanded a quota equal to Iran's 2.37 million

barrels a day. Iraq is producing 2.3 million to 2.7 million barrels a day at present. It appeared likely that Iran was planning to join the pact, even

From the 16th century, the colo-

nial administrators from Spain and Portugal installed state interven-

tion as a way of life throughout

Laun America. And as countries

moved toward development, it

seemed natural that governments

should play a dominant role, both

In Brazil, what became known as

state capitalism was stimulated in

Iraq and the United Arab Emir-The result, they said, would like-

tion, delegates said.

delivery, down 26 cents.

ly have been a fresh decline in world oil prices, perhaps within days of the Vienna meeting's close. (Reuters AP)

Brazil's State Sector Proves Unyielding

tado de São Paulo, said. The

By Alan Riding

New York Times Service
RIO DE JANEIRO — Every time Brazil's inflation has roared out of control in recent years, the government has scrambled to combat it with emergency measures that invariably include a pledge to reduce the chronic deficits of many state-owned corporations.

Today, that promise goes largely unheeded. Talk of improving efficiency, of closing some companies and privatizing others, has been heard with such regularity that most Brazilians expect no action. With the annual inflation rate again exceeding 300 percent, the wernment has decided to attack government has decided to attack the federal deficit in a different way. Instead of offering major spending cuts, it is planning a so-called "fiscal shock" of sharp tax

increases. "The government is quite simply recognizing defeat," one financial analyst said, "Officials in the Planning Ministry are the first to admithat the state companies are beyoud their control. Taxes are the easy way out."

Rumors of the new "sbock" immediately brought a jump in the black market rate of the dollar last week as money rushed out of the reach of revenue authorities. But the planned tax increases also caused irritation by implying that the government had done all it could to reduce its deficit.

Europe The Quarterly Report as of 30 th September Growth 1987 has been published and may be obtained rund

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The public "is tired of discover- on all sides by the government," ing that the government knows said Helio Beltrao, who in the early how to demand more sacrifices 1980s served as minister of deburfrom taxpayers but is totally inca- eaucratization. "Brazil is a country where reality exists only when pable of restricting its own spend-

ing," the conservative daily, O Es- transformed into a document."

newspaper said that officials esti-mate a budget deficit this year of close to 7 percent of gross domestic product, the country's total output of goods and services, minus income from operations abroad. Earlier this year, the finance minister, Luiz Carlos Bresser Pereira, estimated that the budget deli-

cit would total about \$16 billion. la reality, with estimated losses of \$4 billion in 1987, the 513 stateowned companies, including 138 that are involved directly in production, are only part of the problem. There are also 29 cabinet-rank ministries or departments contributing to the deficit and hampering the private sector with regulations.
"The Brazilian businessman is

an island of initiative surrounded

en la marcial de la composition della compositi

the 1970s by the easy availability of foreign commercial credits, which were largely channeled into the government. Today, of Brazil's \$112 billion foreign debt, the larg-est in the developing world, close to 80 percent is owed by the public

as investor and employer.

With the evaporation of new for-See BRAZIL, Page 13

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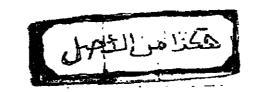
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INTERNATIONAL HERALD TRIBUNE, MONDAY, DECEMBER 14, 1987 NASDAO National Market American Ame

المكتافة



New International Bond Issues

				·	n cure 1	Desvilenes
Issuer	Amount (millions)	Mat.	Coup. %	Price	Price end week	Terms
FLOATING RATE NO	TES					
Sanwa Int'l Finance	\$100	1993	0.10	100.10	99.90	Over 6-month Libor. Callable at par in 1991. Payable Jan 14. Fees 0.10%. Denominations \$100,000.
Wings 3	\$ 37.4	1992	0.20	100.10	_	Over 6-month Libor, Noncollable, Fees 0.11%, Denominations \$100,000.
Fuji Bank Luxembourg	ECU 60	1992	0,45	100	_	Balow 3-month Libor in first year, and 0.325 below Libor thereafter, payable semionnually. Redeemable at par in 1988, Fees 0.16%, Denominations 500,000 page.
Cariplo	Y 10,000	1993	0,55	100%		Below the Japanese long-term prime rate, semantially Noncollaiste, Payable Jan. 12, Fees 0.50%, Denominations 10 trillion yen.
FIXED-COUPON						
IKB Int I	DM 75	1995	6	1001/4		Noncollable private placement, Payable Jan. 18. Fees 19/%
Industrial Credit Corp.	DM 50	1991	5	100		Noncollable private placement, Poyable Jan, 13. Fees 1993.
Mount is a Finance	DM 200	1994	6	100	97.60	Noncellable, Payable Jon. 7, Fees 2%%.
Swedish Export Credit	DM 300	1993	5%	100%	98.80	Noncollable, Payable Jan. 15. Fees 2%, Also 120,000 two year warrants, priced at 125 marks each, entiting holders in buy \$100 at a fixed exchange rate of 1.6725 marks pedollar, Breakeven rate 1.79.
East Asiatic	DK 250	1991	11	100%	98.50	Noncellable, Payable Jan. 13, Fees 1%%.
Federal Business Development Bank	C\$ 75	1991	101/4	101	99.25	Noncellable, Payable Jan. 14, Fees 1996.
LIM.I. Bank Int'i	Y 15,000	1992	5	101.35	99.48	Callable and redeemable at par in 1991. Fees 11/2%.
EQUITY-LINKED						The state of the s
Ranks Hovis McDougali	£ 59	2003	434	100	103.00	Redeemable at 130.70 in 1993 to yield 9%%. Convertible of 350 pence per share, a 19% premium, Fees 21/%.

French Bankers Uneasy BONDS: **Over Multi-Options Rise**

By Carl Gewirtz

PARIS — The popularity of multi-option facilities for Prench companies looking to replace more expensive credit lines shows no sign of abating, despite the large num-ber already marketed.

The latest entrants are Moët Hennessy, Compagnie de Naviga-tion Mixte, La Redoute and Com-

But increasingly, French bankers are questioning whether companies

INTERNATIONAL CREDIT

are really getting what they think they have and whether participants fully understand the commitments they have undertaken.

be used as backstops for raising cent short-term funds. The borrowers do not expect to have to draw on group Moët, the latest entrant, is the underwriters and, apparently, seeking a \$350 million multi-option

emergencies do happen.

Participations in the facility are open only to banks operating in France as they all contain the provision for banks to lend domestic to 6 basis points for banks underwriting \$30 million.

If Most draws on the facility it row in france is much higher than the cost to draw in foreign current because the borrowers to borrow france and 2 basis points

set costs for loans in france. Typically, the franc drawing funds for one, two, three or six charge is 10 basis points over the months. Paris interbank rate. In contrast, ings is set at Libor flat, no margin first must be approved by a major-

over the London interbank offered

line is ever used, the borrower will ropean Currency Units to run for choose first to draw lower cost for- five years with the possibility of

for participating banks so long as they are major institutions or are affiliated with one that is capable of lending at Libor and still carning big banks, which recently have more than two-thirds is used, 6 ba-been funding themselves at rates significantly below the London in-terbank bid rate, which itself is usu-writing 10 million ECU. ally 1/2 point below Libor.

- But Paris bankers are concerned ing syndicates do not have the access to sub-Libid funding. More likely, they would have to borrow funds in the interbank market at least at Libor if not at a small margin over it, and most likely the facility fee paid on the multi-option facility would not be large enough to cover the bank's funding cost.

This raises two questions, bankers say: Do the banks realize they risk having to lend at a rate that leaves them no profit and possibly a loss? And do the companies real-

percent to 15 percent, to the price

But countries that produce and buy proportionally more smaller cars, such as France, Italy, Britain,

Belgium, Spain and Portugal, are

said to support less stringent limits that could be met by employing so-

called lean-burn engine design. Lean-burn technology reduces ex-

haust emissions by increasing the air-to-fuel ratio in the engine.

Klaus Kreuzberg, semor engineer for Adam Opel AG, General Motors Corp.'s West German subsidiary, said the EC may soon pro-

pose a compromise solution that

would group small cars under the

standard just adopted for medium-

sized cars. These limits, be said.

could be met without catalyzers,

"but we'd certainly have to do

limits on medium-sized engines.

cea." Mr. Budd said, "but as of France."

of a small car.

their contractual lending obliga-

Bankers privately say they are concerned that the number of unaifiliated small regional banks joining syndicates is increasing, taking the place of foreign banks operat-ing in France as the foreign banks' appetite for such business wanes.

Some transactions still command a major presence of foreign banks. The aero-engine group SNECMA, for example, increased the size of its multi-option facility to \$480 million from the \$300 million announced and reported that 53 percent of the underwriting was provided by banks whose parent was based outside France.

But in a number of recent such facilities, the participation of for-In principle, the facilities are to eign banks was well below 50 per-

The champagne and agricultural the underwriters do not expect to facility for five years. It will pay an have to lend. But accidents and annual facility fee of 5 basis points

agree to pay the banks' reserve as- over Libor for foreign currencies. The company has the right to draw

It also has the possibility of the cost for foreign currency draw- drawing for 12 months, but that

ity of the underwriters. La Redoute, the French retailer, However, it is obvious that if the is seeking a line of 150 million Eu-

eign currencies.

This will be no major problem mual facility fee is 6% basis points. Drawing charges are set at an identical 12½ basis points over ei-

ther Pibor or Libor. If more than a third is drawn, there will be a utilia profit. That is not a problem for zation fee of 3 basis points and if o 6 basis points for banks under-riting 10 million ECU.

Navigation Mixte, a holding problems were too serious to be

company, is seeking a five-year fathat many small regional French cility for 120 million ECU. Credit banks that have joined underwrit-Lyonnais, which is arranging the facility, would not disclose other terms. Also in the market is compagnie Bancaire, a financing and real estate group, which is seeking a government, which held talks later that year with Citicorp about the possibility of the U.S. bank's acterms. Also in the market is Com-

In the international sector, quiring Banco de Italia. Thomson-Brandt International announced that it has expanded an nounced Saturday, the Banca Naearlier \$400 million Euro-commer- zionale del Lavoro will not lay off cial paper program to one of unlim-ited size and added more dealers. bank.

Europe's automakers have already spent more than \$2 billion on

pollution control, according to in-dustry estimates.

Analysis predict that they will

And the cost of catalysts could

prompt some countries, notably Britain, France and Italy, to delay or hold off entirely on enacting the

EC standard for large cars, an in-

If they did, the standards would

Mr. Glatz said noncompliance

by some countries could also effect

standards for the French market,

become "absolutely meaningless".

in terms of their environmental im-

dustry source said.

pact, Mr. Budd said.

competition.

For large cars to meet the new standards, manufacturers would be standards, for example," he said, or example, he said, work of the standards of the standards

but opinion is divided on whether they will be needed to meet the cars to meet the lower pollution

"For years, lean-burn technol- while Renault or Pengeot would

ogy has been looked at as a pana- not have these extra costs in

have to spend a total of 57 billion to \$10 billion to meet the Euronorm

standards by the early 1990s.

rope."

eign loans since the Latin Amerieign totals since the Latin American debt crisis began in 1982, however, the state's role has changed from one of stimulating growth to one of living off the rest of the have grown that the state limit its responsibilities to dealing with Bra-zil's pressing social problems. Referring to the end of two de-

cades of military rule here in 1985. a former linance minister, Mário Henrique Simonsen, recently warned that "a democratic regime sustained by a centralized, wasteful and irresponsible state machine will have the same destiny as its predecessor, and will collapse."

In theory, at least, the government agrees. Two years ago, President José Sarney said economic leadership should pass from the government "to a private sector freed from the chains of statism."

Conservatives within the government are also hopeful that a special assembly drafting Brazil's new constitution will reduce state interven-

Yet, in practice, state enter-prises, which employ about 1.2 milon people, have proved impregnable to change. For example, soon after taking office in April 1985, the Sarney administration announced an ambitious privatizalisted for sale, Mafersa, which manufactures railroad cars, is still in government hands.

lustrated by the case of a state con- tion, there is no demand to take struction company called Ecex, which was formed in 1969 to build an eight-mile (13-kilometer) bridge across Rio de Janeiro's Guanabara expression of a more complex prob-Bay. Work was completed in 1974, lem yet only last month was Ecex final-

Issue Volume Slips

(Continued from first (insuce page)

to have much appeal, but lead man-ager Morgan Stanley International

said it found substantial demand

among retail investors and corpo-

erable demand, bankers now report

that a selling wave may be immi-

nent as recent purchasers sell to

profit from the currency's recent

The dollar last week hit a record

The only dollar issues offered

last week were of the floating-rate

variety. An issue called Wings 3

was a repackaging of Japanese fixed-rate bonds stripped of their

equity warrants, and was offered to

don interbank offered rate.

yield 20 basis points over the Lon-

Sanwa International offered

\$100 million of senior notes, which rank equal to deposits, carrying a coupon of 10 basis points over Li-

Italian Bank

Jets Purchase

In Argentina

BUENOS AIRES — The Argen-tine government has accepted a bid

by Italy's Banca Nazionale dei La-

voro to buy one of Argentina's larg-

est private banks, the central bank

announced Saturday.

The Italian bank will take over all 88 branches of Banco de Italia y Rio de la Plata, which has had full

Argentine shareholding, despite its

The purchase price was not re-

The central bank closed Banco

de Italia in May 1985 after reject-

solved by further official loans.

was the largest.

In a period of two months around that time, eight private banks were closed; Banco de Italia

Under the terms of the sale an-

low of 128.10 yen following the U.S. report of a record \$17.63 bil-

lion trade delicit in October.

ise against the dollar.

rate treasurers.

The Euroyen market saw only one new issue, for Italy's IMI financing agency. Although Euroyen paper has recently been in consid-

BRAZIL: State Sector Unyielding

(Continued from first finance page) funds comes from a handful of enterprises that control essential areas of the economy, notably the electricity monopoly. Eletrobras: the steel corporation, Siderbras; the railroad company, RFFSA, and the nuclear energy company Nu-

Even though burdened by a debt of about \$17 billion that it cannot service. Eletrobras is required to keep spending to meet the country's growing energy demands, but it is already falling dangerously behind in its investment program.

The nuclear energy program has proved even more costly, with Nu-clearbras spending \$5 billion to date on a reactor that is rarely oper-

But there are exceptions. The state oil giant, Petrobrás, showed losses earlier this year for the first time in 34 years of business only because of government price con-trols, while the mining corporation, Vale do Rio Doce, and the aircraft manufacturer, Embraer, which export most of their products, are both profitable.

Management of state enterprises, however, is complicated by inflation, currently running at 12 percent per month. In cases where tariffs are controlled by a government anxious to hold down prices, losses are often unavoidable. In other cases, such as the oil industry, tion program, yet the first company the federal government looks to public utilities as a way of raising

its own tax revenue.

Thus, while privatization is still Bureaucratic resistance is well it- widely debated as a possible solu-

"To reduce the state's role is not ly absorbed by the National High- just to sell off companies," one economist, Francisco Viana, wrote While the government can be in the weekly Senhor. "What is found in a vast array of businesses. needed is a clear demarcation of however, the main drain on public the limits of state intervention."

DOLLAR: Interest Rate Debate

ing-account deposits, fell at a 6.6 percent annual rate during the

Many private analysts have reached a different conclusion on Fed policy by looking at a short-term interest rate that the Fed controis, the federal funds rate. This rate, which banks charge when they lend reserves to one another, has dropped below 7 percent in recent days. This has provided some comfort to administration policy mak-

Still, James Baker and Howard Baker are concerned enough about current monetary policy to have discussed Mr. Sprinkel's criticisms with Fed officials. "This is a nervous time," said one Fed source. Nobody knows what's ahead for the economy because of the stock

This Fed source said money-supply growth "seems to be adequate." especially when figures for October and November are combined. He also said the central bank expects money growth to resume at a stronger pace before long.
For several reasons, the Fed is

resisting Mr. Sprinkel's prescription to inject more reserves into the banking system. First, sources said, the central bank sees no evidence that the economy is contracting along with the money supply: Re-cent government statistics show that the manufacturing sector is more or less booming. Moreover, an overly easy policy could lead to a surge in inflation and a renewed plunge in the dollar. Lower U.S.

micrest rates tend to depress the

dollar by making dollar-denominated investments less attractive. At the same time, analysts say

the Fed isn't likely to tighten credit much simply to give the dollar a lift Draining more reserves from the banking system could weaken the economy at a delicate time. Thus the Fed's policy makers, con-stituting its Federal Open Market Committee that is scheduled to meet Tuesday and Wednesday, are likely to leave policy unchanged or alter it only slightly, analysts said.

Volcker Asserts

WASHINGTON - Paul A Volcker, former chairman of the Federal Reserve Board, said on Sunday be thought the dollar had fallen too low and might trigger inflation in the United States and depress economies

economy. He answered: "In my opinion, it's already failen further than I would like to see it."

'l don't think it's helpful to have the dollar fall at this point

Dollar Too Low,

In a television interview. Mr. Volcker was asked at what point the dollar's decline threatened world trade and the world

because I think it can be depressing on economic activity abroad," Mr. Volcker said. "and potentially inflationary in the United States."

Fed Says It Supported **Dollar in Late October**

U.S. Federal Reserve challenges a foreign exchange specialists said widespread belief in financial markets that the central bank let the seems to imply that the effectivedollar slide at the end of October ness of the intervention policy was without an effort to stop it.

resist a further decline in the dollar-foreign-exchange operations will mark rate" and by \$65 million not be available until March.

against the Japanese yen. thorities were prepared to allow the dollar.
dollar to decline considerably furin early August, when the stock ther," said the report,

The "commentary" cited by the the report showed that the United Fed report, it was learned, was a speech on Oct. 28 by the European lion worth of yen and marks to community president, Jacques Derestrain the dollar. Community president, Jacques De-lors. Mr. Delors asserted that the U.S. government wanted the dollar to decline and was prepared to let it fall as low as 1.60 DM.

At that time, the dollar was hovering around 1.72 DM, down from 1.80 in mid-October and close to a record postwar low set eight years earlier. The dollar closed in New

York on Friday at 1.6315 DM. 'Although the U.S. Treasury depressure persisted," the report said. and the Fed "continued to inter-

The intervention policy was WASHINGTON — The latest moderate by European standards currency market report from the but certainly not inconsequential, diluted by the Delors episode. But The regular report from the New New York Fed spokesmen cau-York Federal Reserve Bank, the tioned that intervention alone canregional branch that actually un- not be expected to counter underly-

ainst the Japanese yen.

From August to October, the re"While these operations for a port said, the United States intertime stabilized the rate, the dollar vened by \$899.5 million equivalent again moved sharply lower follow- of marks and yen in an effort to ing commentary that the U.S. audepress those currencies against the

market and the dollar were strong,

When the latest burst of selling gained force on Oct. 27, the Fed resumed intervention to support the U.S. currency. It was the first time it had done so since early in September, when the dollar was dropping to levels not tested since

late spring.
The September decline appeared to have been halted by the Fed's half-point boost in the discount nied that the remarks reflected U.S. rate on Sept. 4 and from anticipagovernment policies, strong selling tion that the Group of Seven industrial nations would reaffirm the Louvre agreement on currency stavene, operating in yen as well as in bilization at the meeting later that marks" in concert with other cen- month of the international Mone-

North American Trade Pact Protects U.S. Maritime Sector, Canada's Media

By Clyde H. Farnsworth
New York Times Service
WASHINGTON — The United States will continue to protect its maritime industry, and Canada its publishing and film industries, under an agreement aimed at elimi-nating most restrictions on their bilateral trade by the year 2000.

The two governments released the text of their 220-page agreement on Friday, providing details on these and other exemptions aimed at placating domestic interests while trying to generate a con-

A framework agreement was initialed on Oct. 3, but because of misunderstandings and conflicts, it was only completed a week ago.

This delay, combined with the intention of U.S. congressional leaders to first complete omnibus trade legislation, means that Conress may not consider the accord before the middle of next year. The agreement would end most barriers on the bilateral trade in

\$150 billion last year. It also liberalizes rules covering bilateral investment that last year totaled \$67

goods and services that topped

tions had improved chances for final approval. Senator Bill Bradley, Democrat

of New Jersey, said approval was within reach." He noted that the accord was especially important at a time of economic fragility be-cause Canadian "markets sustain more U.S. jobs than any other."
In withdrawing maritime conces-

sions, the chief American trade negotiator, Clayton K. Yeutter, recognized that the industry's congressional supporters had the strength to torpedo the agreement, according to American officials. For their part, the Canadians at

the last minute withdrew concessions that would have reduced discrimination against American publications, such as Time and vsweek, distributed in Canada. But an American official described the Canadian concessions as "mea-

About one-third of Canadian-American trade is in automobiles. Under pressure by American legislators from states with major automobile-related industries, American negotiators sought changes in a 1964 pact that chiefly benefited Canada. Canada strongly resisted.

they were withholding final judgment on the agreement because of their disappointment with the re-

sults of the auto negotiations. One of the chief demands of the Michigan Democrats was a provision requiring that at least 60 per-cent of the manufacturing be completed in North America to qualify for duty-free entry. In the agree ment released Friday the figure was

put at 50 percent. The text provided further details on what promises to be another contentious issue for ratification: the special five-member, joint panel to be used for settling disputes

arising from the agreement. Disputes involving laws to enforce fair trade would no longer be subject to review by the United States Court of International Trade, the Court of Appeals and

the United States Supreme Court.
U.S. officials declined to comment Friday on remarks made earlier in the day by the chief Canadian trade negotiator, Simon Riesman. He told Canadian journalists that Canada "took the pants off" the American negotiators, winning three times the advantage Illion. Two Michigan Democrats, Sena- in the United States market that Most analysts said the exemptor Donald W. Riegle Jr. and Repgave up in the Canadian market. in the United States market that it

IMF 'Near' to Expanding Poor Nations' Fund

WASHINGTON - The Inter-

well as other technical matters. They said negotiations with West Germany.

some countries were still under "This is an excellent opportunity way, but could be completed as for them to step forward," the offiearly as next week.

The new funding would be procluding the Group of Seven major industrial nations, with the exception of the United States, the sources said. The other six mem-

agreement on an \$8 billion increase barred it from providing new monin the agency's pool of funds for ey for what is called the structural poor nations, monetary sources adjustment facility. adjustment facility. An administration official said

The sources said on Friday that the United States still feels strongly the IMF executive board had met that the increase should be fithat day to hammer out details on nanced by those countries running how the fund, to be expanded to large surpluses on their external \$12 billion, would be disbursed, as accounts. In official parlance, such references are usually to Japan and

> cial said. The country with the largest sur-

vided from about 20 countries, in-plus, Japan, will be a major contributor, the sources said, but the had proposed a wider financing exact size of its contribution was

Britain, France, Italy and Canada, lier this month to review the na-The United States had made it tion's economic situation and national Monetary Fund is near clear that budgetary problems discuss a contribution to the faciliare d. a of sys im we arrive he set me aly. In the en mt ce al. L' be or

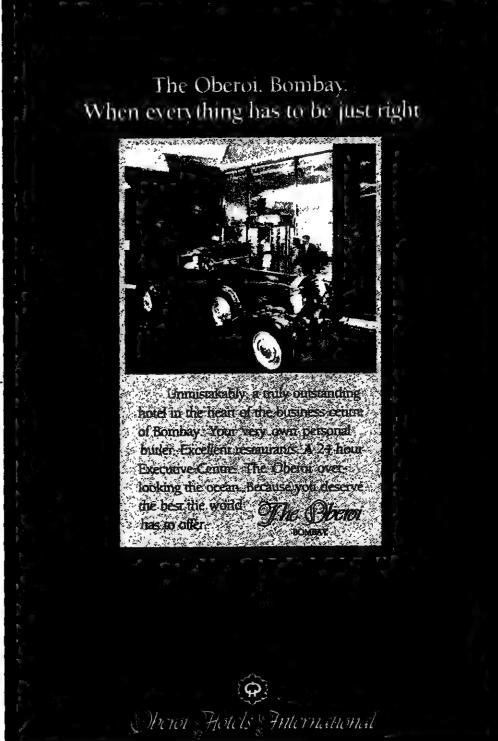
"I can tell you that I am sure of the generous support of this country," he said.

try," he said. In June, Mr. Camdessus had proposed tripling the facility from the present \$4 billion to help a critical situation in the poorest

There had been a broad backing for the idea during the IMF annual meeting in September, but coun-

tries at that time did not make any financial commitments. At the same time, James A. Bak-

er 3d, the U.S. Treasury secretary. program for poor countries that ome IMF officials believed would The IMF managing director, Mi-distract attention from the strucbers are Japan, West Germany, chel Camdessus, visited Tokyo car-tural adjustment facility.



INTERNATIONAL POSITIONS

You will find below a listing of job positions published last Thursday under the rubric International Positions. SALARY INT'L PRODUCT MANAGER Multinational textile company. OVERSEAS REPRESENTATIVE Farmingham, Chase & Stem. U.S. \$40,039 to U.S. \$49,287 DIRECTOR, INFORMATION **A COMMUNICATIONS** Int'l organization in Luxembourg. ANALYST/PROGRAMMERS French monthly magazine. ASSISTANT EDITOR

> If you haven't seen last week's INTERNATIONAL POSITIONS rubric, please ask for a free copy: Max Ferrero,
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> > The state of the second control of the state of the second of the second

Initially, Morgan Guaranty was sole dealer. The expanded group includes Banque Indosuez, First second largest banking group—

Special Park Company and the biggest banking group dertakes any currency market in-tervention, covered the three The U.S. trade and budget defiize that, if the going gets rough, some of the underwriters would Chicago, Swiss Bank Corp. and the biggest foreign bank in Argentina. months that ended Oct. 31. This cits have been the main fundamenincluded the period of the stock tal factors pushing the dollar lower market collapse and of a sharp Nonetheless, the Fed's report find themselves unable to fulfill drop in the dollar's value. raises questions about whether Soviet-Bloc Lines **EXHAUST:** EC Rules Challenged According to the report, when there has actually been a subtle "selling pressure on the dollar be-change in U.S. policy, as described Reportedly Want came intense on Oct. 27," the Fed in recent news reports, to return to intervened by \$395 million against modest intervention in support of (Continued from first finance page) today, there is not a single truly add about \$900 to \$1.350. or 10 the Deutsche mark "in order to the dollar. A report on November's add about \$900 to \$1,350, or 10

BERLIN — The Soviet air-line Aeroflot and East Germany's Interflug are negotiating to obtain six aircraft from West-

reported Sunday.

The newspaper Tagesspiegel, quoting aviation sources, said

Tagesspiegel said the West German carrier Lufthansa, which owns a fleet of Airbuses, would train the Soviet and East German crews.

tour around East Germany.

6 Airbus Planes

be purchased by a consortium of Western banks that would

An East German bargaining chip was a Soviet-backed offer to allow Luithausa to fly over East Germany to Moscow and make stopovers at West Berlin's Tegel airport, Tagesspiegel said. Now, West German commercial planes are forced to de-

ern Europe's Airbus consor-tium, a West Berlin newspaper

the plan was for the airliners to lease them to Aeroflot and Interflug. The paper did not put a price on the transaction.

Page 14 **NASDAQ National Market**

American Exchange Options

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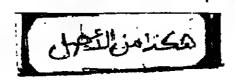
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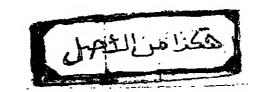
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BA Strikes Back in Battle With SAS Over Caledonian

Remers

LONDON — British Airways, battling to block Scandinavian Airlines System's partial bid for British Caledonian Airlines, has asked the government to fevel to the government to five the scale or the state of nian's licenses to fly its routes.

BA made its request Friday to the Civil Aviation Authority after the body approved a £110 million

(\$201 million) SAS bid for a 26.14

Create a huge British carrier to take

percent stake in Caledonian. On Thursday, BA raised its own offer to buy Caledonian outright.
The new bid is for £200 million; the previous BA offer put a £119 million value on the carrier, which had a loss of £19 million last year.

A spokesman said BA was seeking a full CAA hearing on the question of whether the SAS offer would result in British route licenses' passing into foreign hands. In approving the SAS bid, the body said it would not make BCal a proving But the CAA's later foreign airline. But the CAA's letter to Sir Adam Thomson, Caledo-

should the matter be brought to a public hearing." BA said in a statement: "If SAS Soviet Union, he said Friday. were to acquire a substantial holding in BCal with the potential of control, valuable aviation concessions may have to be given to for-eign governments to permit BCal's

services to continue. "Any such concessions would not be in the U.K. public interest," the airline added. "BA considers that the question and implications of potential SAS control should be considered in full hearing by the

The authority, under the Civil nearly a third of its shares are being Aviation Act of 1982, may revoke a postponed in the aftermath of Oc-British carrier's route licenses if it tober's stock market collapse, believes control of the carrier has Sotheby's president, Michael L.

passed into foreign hands.

Sir Adam, Caledonian's chairment on Friday.

man, said after the CAA approved the said the company's financial the SAS bid: "We are delighted advisers "have recommended that the company's capital, in New York and London.

He said the company's financial the distriction gone ahead, it would have raised about £400 million (\$734 million).

ture of BCal will be decided by our shareholders alone."

Investors In Industry PLC which has a 41 percent sharehold-ing in British Caledonian said Thursday it would await a recommendation from the airline before deciding which bid to back.

on the U.S. giants. If it succeeds, an estimated 2,000 jobs would be slashed as the airline relinquishes somedomestic and European routes, a condition of government

Arco Freed to Buy in Britoil

LONDON — Atlantic Richfield Co., which is seeking to increase its 7.7 percent stake in Britoil PLC, has been given clearance by Britain's Takeovers and Mergers Panel to buy more Britoil shares. Britoil's financial advisers have said.

The advisers, N.M. Rothschild & Sons Ltd., said late Friday that

The advisers, N.M. Rothschild & Sons Ltd., said late Friday that approval came soon after the self-regulatory panel's request that Arco stop buying shares until "outstanding matters are resolved." It declined to give details.

Arco said Friday that it bought its stake for 350 pence (\$6.40) a share, or £135 milhon. It plans to raise its holdings to 29.9 percent at the same price, and tentatively agreed with Britoil to increase its stake to 49.9 percent by swapping assets for equity. The government, with a so-called golden share in Britoil, can block an unwelcome takeover. Analysts say the Arco purchases are an attempt to prevent British Petroleum Co. from taking control of Britoil. BP last week bought a 14.9 percent stake, and after the Arco annumement said it intended. 14.9 percent stake, and after the Arco announcement said it intended to pay more than 350 pence a share for a total holding of 29.9 percent.

Monsanto, Soviets Near Pact on Venture

WASHINGTON - Monsanto Co. and Soviet officials art discussing a joint venture to produce weed killer and final agreement could be nian's chairman, said the panel reached by March, according to the might change its mind on the question "in light of further argument, honey."

The venture would involve build-

The joint venture would be one month. Combustion Engineering Inc. of Stamford, Connecticut, has of the most extensive undertaken with the Soviet Union. Mr. Ma-honey said it would "test the entire signed an agreement with the Soviet state oil company to modernize oil and petrochemical facilities. economic system."

Mr. Mahoney was among about 80 American business leaders who Other U.S. companies consider-ing joint ventures include Singer Co., Eli Lilly & Co. and Occidental attended a meeting last Thursday in Washington at which Mikhail S. Petroleum Corp. PepsiCo Inc. will shortly begin operating four Pizza Hut restaurants in Moscow. Gorbachev appealed for more U.S.-Soviet joint ventures.

Under a law that went into effect Monsanto, which is based in St. last January, foreign companies can hold up to 49 percent of joint Louis, Missouri, would provide capital and technical aid to help the ventures based in the Soviet Union. Soviets build and manage a plant The first joint venture by a U.S. making the weed killer glyphosate. company was announced last

The plant would be about the same size as Monsanto's Brussels plant, which makes the weed killer for Western Europe, Eastern Eu-

Sotheby's, Citing Market Slump, Delays Stock Offering

LONDON - Sotheby's, the world's largest fine arts auction-eers, has said that plans to sell off

en the unsettled conditions in the of receptivity to public offerings." The privately owned group an-

nounced in October that existing shareholders would sell 7,208,000 ed in the transfer of only 3.9 percommon shares, or 29 percent of cent of the company's voting rights, the company's capital, in New leaving the present owners in conthe company's capital, in New

Mr. Ainstie said Sotheby's would stock market and the resulting lack watch the stock market to decide the timing, size and structure of

The share sale would have result-

A. Alfred Taubman, a developer of shopping malls, won a takeover hattle for Sotheby's in 1983.

Chicago Exchange Options

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"DO YOU HAVE ANY NAUGHTY PINE 2"

JUMBLE THAT SCRAMBLED WORD GAME
by Henri Arrold and Bob Lee

WHAT THAT FIRST

TELEPHONE CON-VERSATION WAS.

Now arrange the circled letters to form the surprise answer, so sug-gested by the above cartoon.

JUMBINE AFTER ITCHY HAMMER TRUANT

AFRICA

LATIN AMERICA

NORTH AMERICA

Answer: What there was when he flunked the arithmetic test—AN "AFTER-MATH"

WEATHER

LYRDY

CHABT

ZILZES

POLUCE

EUROPE

Amsterdem Athens Servicione Betgrode Bertin Betgests Budgests Copenhopen Coste Del Sel Dutdin Edinburgh Fierenca Frenkferi

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27 Speak 61 Bad pompously Woman' 29 Defies composer-30 Gazed upon singer 31 Extra tire 64 Brain tissue

33 Worker gangs contest 38 Out of 40 Ala. city 41 Liability 47 Figure in 49 Siy look

longest river 55 Peruse 56 Different: 58 Inactive 59 Aroma

Chang Retains WBC Light Flyweight Title TAEJON, South Korea (AP) — Chang Jung-koo of South Korea recovered from a first-round knockdown to retain his World Boxing Council light flyweight title

SPORTS BRIEFS

Sunday with a unanimous decision over Isidro Perez of Mexico. The judges, two Americans and a Japanese, scored the 12-round bout 117-113, 115-113 and 114-113. It was Chang's 14th defense of the title he took from Hilario

Zanata of Panama in 1983. In the opening round, Perez decked the champion with a looping left hook; Chang rose after the mandatory eight count and counterpunched his way out of

Perez, ranked second by the WBC, mounted a steady offensive with jolting hooks during the next three rounds and was the apparent leader after the sixth. But Chang despite being a cut over the right eye in a toc-to-toe eighth round — mounted a late offensive to improve to 35-1 lifetime; Perez is 42-43.

Joyner Gets a Second Straight Owens Award

HONOLULU (UPI) - Jackie Joyner-Kersee on Saturday became the first athlete to win track and field's highest honor, the Jesse Owens Memorial Award, for

a second time. Joyner-Kersee, 25, who also received the honor last year, staked her claim as the world's best women's track athlete in 1987 by winning the long jump and beptathlon at the world championships. She also equaled the world long-jump record at the Pan American Games.

The Athletics Congress selected Joyner-Kersee from a field of nominees that included jumper Mike Conley, hurdlers Greg Foster and Edwin Moses and sprinter-long jumper Carl Lewis. Moses won the award in 1981, and Lewis in 1982.

Unotable

 Mike Murphy, on being fired as coach of the Los Angeles Kings of the NHL: "You know when it really hits home? When your kids say to you, 'Does this mean we don't get any more free tickets?" "

· Georgetown basketball coach John Thompson: "I'd rather have five brickthrowers who can play defense than have a whole bunch of shooters out there. I told the kids shooting is like spending money. If you spend money without putting some in the bank, you'll go broke. Defense puts money in

 Veteran PGA pro Miller Barber: "I don't say my golf game is bad. But if I grew tomatoes, they'd come up sliced." (AP)

VANTAGE POINT/Ira Berkow

O Sport! O Love! Oh, Those Billets-Doux

New York Times Service

NEW YORK -- "The blatant sexism of Ira Berkow's column on Chris Evert - Too Much in Love? - left me sputtering, What! I don't believe this!"

Thus began a reader's stern letter on a subject that is, as Sherlock Holmes deduced, one of "the softer passions." The column in question faithfully reported

a candid conversation between two women with whom I was sitting during a recent match at Madison Square Garden, in which Evert unexpectedly lost to Sylvia Hanika. The observations by the two spectators included what appeared to be Evert's weight

loss, a sense of her being distracted on the court, her looking tired and the fact that she and her boyfriend, Andy Mill, who was also there for the match, had been seen holding hands in recent days and making other traditional gestures of a wooing and cooing nature.
"Too much in love," decided one of the women, analyzing the great Evert's game at that moment.

"Think so?" said the other. "Maybe so." The reader theorized that a male athlete would never receive such coverage regarding romantic proclivities, and that when Ron Dar ling got off to "a rocky start last year, your reporters speculated that a new baby, book and restaurant might be factors. But no column beadlined, 'Ron Darling - Too Much in Love?' "The same, she wrote, for Dan Marino,

Suffering "the worst year of his career."
Had Venus been caught meddling with
Darling's pitching or Marino's passing, news
gatherers of merit would have raced to print the scoop. But in those cases, there was no suspicion of love's entanglements. Certainly, other factors may have caused Evert to lose to Hanika, but love seemed the most intriguing. In any event, the speculation about Evert by the two women was pertinent, respectful and conceivably drawn from the well of human experience.

Yet the reader raises again a significant question: Does love in sports truly exist, and

if so, to what extent? In a short story written many years ago on this very subject, "A Woman is Only a Wom-an," by P.G. Wodehouse, a character called the Oldest Member of the Golf Club addressed the issue:

"Love is an emotion which your true golfer should always treat with suspicion. Do not misunderstand me. I am not saying that love is a bad thing, only that it is an unknown quantity. I have known cases where marriage im-proved a man's game, and other cases where it seemed to put him right off his stroke. There seems to be no fixed rule. But what I do say is that a golfer should be cautious. He should not

be led away by the first pretty face."

Red Holzman, the former coach of the New York Knicks and whose autobiography, "Red on Red," was recently published, recalled one of his players who loved too much. The player had been smitten by a woman better the player had been smitten by a woman by a woman by a woman better the player had been smitten by a woman by a wom back home. "His shot fell off, his rebounding fell off, his game was coming apart at the seams," Holzman said. "We finally had to send him back to see her."

How was it resolved? "Happily and unhappily," said Holzman.
"They got married, and his game improved.
But they got divorced, and his game improved even more."

Arthur Ashe has described getting distracted during even tense matches. His mind would wander. Sometimes to a girlfriend. Sometimes to food. Or a movie. For some, the

softer passions may be widely varied. Ray Arcel, the octogenarian fight trainer, said of his many boxers: "They're all lovers. That was the big problem."

"In training camp, I'd have to sleep with one eye open because they might disappear into the woods," he said. "But you couldn't blame 'em. They were young and tempta-tions are great. It could hart conditioning

very much, though, and throw off the coordination and concentration. I'd say love affected Handsome Tony Janiro more than most. Oh, he was a lover par excellence!"

Janiro, a middleweight contender in the 1940s, never quite reached his potential.

"Before one fight, I stayed with I only at the Great Northern Hotel near Central Park," Arcel recalled. They used to have women running the elevators there. When Tony got into an elevator alone with one of the women, it would usually get stuck between floors. You had to send the repairmen up to get it running again."

The peculiar effects of love should come as no surprise to those who have perused the best historical and contemporary studies on

Recall the heated state of Antony, who had sailed across the sea to rendezvous with his honey bunch:

His captain's heart, Which in the scuffles of great fights hath

The buckles on his breast, reneges all temper And is become the bellows and the fan To cool a gypsy's lust.
Others have testified that a pluck from

Cupid's arrow had these results:
They were bewitched, bothered and bewildered, couldn't sleep a wink last night, didn't care if the sun didn't shine, sang in the rain, talked to trees, would climb the highest mountain, promised to build a stairway to

paradise and danced on the ceiling.

One of our finest troubadours admitted

that when under the spell, "my hand is shaky and my knees are weak, can't seem to stand on my own two feet." He also confessed:

Like to hear you sighin,

Even though I know you're lyin,'

"Cause I love you too much.

The feeling home is if it could harner to

The feeling here is, if it could happen to Elvis, and to most of the rest of us, it could happen to Chris Evert, too.

PEANUTS



Solution to Friday's Puzzle

ALBA STOA ABRI
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BLOODHOUND ELLE
SYNDROME LARDER
LENA DENSEST
ABBESS BESTIR
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HEIFER MUSHED
CLEARER LACE
HEATER AIRCRAFT
LODI BOOKKEEPER





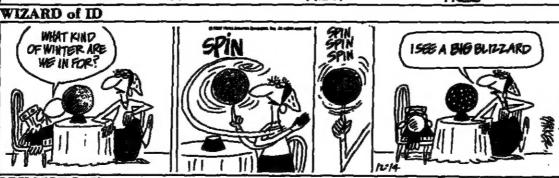
















WORLD STOCKS IN REVIEW / Via Agence France Prese

Amsterdam

Amsterdam prices marked time last week, as a modest recovery during the first four days was almost wiped out on Friday in a reaction to worse-than-expected U.S. trade figures for

The record mouthly deficit of \$17.63 billion, released on Thursday, sent the dollar recling, raising concern that earnings of Dutch export-

ars could be hurt.
The ANP-CBS General Index closed at 199.6 on Friday, barely higher than 198.3 the previous Friday but below Thursday's closing high of 207.6.

On Monday, owing partly to a slight rise in the dollar, internationals had pulled ahead. Volume for the week was 4.641 billion guilders, slightly above 6.411 billion for the previous week.

Frankfurt

An incipient recovery on Wall Street did not help the West German stock market much last week, as prices rose by an average of only 2 percent. The Commerzbank index finished the week at 1,304.8, up 8.1 points for the week.

Thursday on the announcement of the U.S. trade figures. On Friday, the dollar hit a new record low against the Deutsche mark before recovering slightly late in the session.

Volume on the eight West German stock exchanges was only 6.95 billion DM, down from 7.96 hillion the previous week.

In autos, Daimler rose by 2 DM and BMW by 18.50. Banks were firm, with Deutsche Bank red from the dollars

by 18.50. Banks were firm, with Deutsche Bank rising by 1.80 DM, Commerzbank by 4.70, and Dresdner 7.50.

Hong Kong

Share prices in Hong Kong seesawed throughout the week, but losses on Monday and at week's end pushed the key Hang Seng index to close Friday down 4.64 points, at

Average daily turnover was 659.8 million Hong Kong dollars, down on the previous week's 754 million.

Frantic selling marked the opening and final sessions of the week, with the market barometer, which had slipped below the psychological 2,000-point mark the week before, plunging a hig 99.28 points on Monday. Share prices clawed their way back Tuesday

Share prices clawed their way back Tuesday and Thursday, but dropped again on Friday when the index, which shed 70 points at one stage, closed down 38.09 points, following similar trends on other global markets after the announcement of the U.S. trade figures.

The dealers said they expected trading to be quiet in the near-term, with the Hang Seng hovering around 1,800-2,100 points.

London

London equities gained last week in generally quiet trading.

An initially steadler dollar and the start of a

new settlement period gave the market a lift, but trading was cautious early in the week ahead of release of the U.S. trade figures for October and Japan's for November. The market was underpinned by takeover activity, especially in the oil sector. British Petroleum was active on two occasions, early in the week after buying by the Kuwait Invest-ment Office gave it about 11.5 percent of the company, and later when BP bought 14.9 per-

cent of Britail However, on Thursday, prices dropped on the U.S. trade figures and lower dollar, and on Friday, the Financial Times ordinary industri-al share index ended 48 points up on the previous week, at 1,310.7.

Milan

Milan stocks fell an average of 4.21 percent last week, with the exchange index falling back to 682 points, in four days of thin trading. Analysts said that the prime factors were the weakness of the dollar and the worsening of the U.S. trade deficit.

Among leading shares, the Ferruzzi group suffered significant losses, as Agricola retreated 7.67 percent and Silos 7.83 percent. First lost 5.44 percent, Gemins 6.07 percent, Montedison 5.87 percent and its insurance subsidiary fondings 5.66 percent. subsidiary Fondiana 5.66 percent.

Paris

Paris stock prices resisted the news about the U.S. trade delicit last week better than many market participants had expected, as analysts said the market had been helped by government measures to encourage savings.

The CAC stock index finished the week

lower at 270.3 from 278.3 the previous Friday, the lowest finish since Jan. 2, 1986. On Monday, prices fell by slightly more than 2 percent because of the negative reactions to the previous week's drop in European interest rates and the failure of the European Commu-nity summit meeting in Copenhagen to pro-duce substantial results.

After a slight rise on Tuesday and a 1 per-cent drop on Wednesday, a Thursday rally was cut short by the U.S. trade news, and Friday saw the CAC index drop by 7.1 points.

Singapore

Share prices dropped on the Singapore stock market last week, with the Straits Times Industrial index finishing the week at a 16-month low of 724.02, an overall fall of 10.96 points.

Market analysts blamed the weaker U.S.

Volume increased 5.51 percent to 114.2 million shares, but value fell 14 percent to 176.3.

million Singapore dollars.
In the industrial and commercial sector, Hew Par lost 25 cents to 2.17, while SIA dropped 25 cents to 8.10. Sime Darby fell cents to 1.76 but Genting was up 10 cents to 3.46.

Tokyo

Share prices posted a substantial gain on the Tokyo Stock Exchange last week in extremely volatile trading, despite the U.S. dollar's fall to

a postwar low. The key market barometer, the Nikkei average of 225 stocks, almost offset the previous week's 378.82 loss with a gain of 362.40 yen to

close at 23,035.81. Average daily volume rose to 431.1 million shares from the previous week's 363.2 million. Most affected by the dollar's plunge after the U.S. trade figures were export-oriented issues, especially Sony, which fell to 4,930 year from Thursday's 5,130 year. Nippon Steel fell to 418 yea from 425 yea the day before.

Zurich

Zurich stock prices ended the week slightly lower, as a Friday drop of around 2 percent wiped out the previous three days' gains.

The Swiss Bank Corp. index finished at
456.9, down slightly from 457.6 the previous
Friday, and the Credit Suisse index lower at
409.2 from 414.2.

Market participants said prices had stood up well to news of the huge U.S. October trade, deficit and the resulting dollar drop. They said be price trends during the next few days would depend on the dollar's movements.

Banks dipped, such as Union Bank of Switzerland, down 30 Swiss francs to 3,120 from the provious neek Financial companies and

the previous week. Financial companies and industrials also dropped: Oerlikon-Bührle was off 80 francs at 960, while Alusuisse fell 20 to

In foods, Nestlé dropped 95 francs to 3,880, but Jacobs-Suchard rose 450 to 8,000. Chemicals were firm, including Ciba-Geigy, which rose 105 francs to 2,680.

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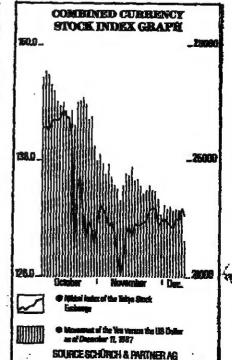
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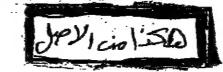
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ZUPÁCH - AMSTERDAM



SPORTS

Rockets Send Sampson to Warriors In Exchange for Carroll, Guard Floyd

HOUSTON - Forward-center Free to play the position of shooting Raiph Sampson, who with Akeem guard. They said they planned to use Olajuwon had formed the imposing Floyd at point guard. Rockets, was traded Saturday night season with 21.9 points and 10 aswith guard Steve Harris to the sists per game. Drafted out of Golden State Warriors for guard Georgetown University by the New York of the State Warriors for guard Georgetown University by the New York of the State Warriors for guard Georgetown University by the New York of the State Warriors for guard Georgetown University by the New York of the State Warriors for guard Georgetown University by the New York of the State Warriors for guard Georgetown University by the New York of the State Warriors for guard Georgetown University by the New York of the State Warriors for guard Georgetown University by the New York of the State Warriors for guard Georgetown University by the New York of the State Warriors for guard Georgetown University by the New York of the State Warriors for guard Georgetown University by the New York of the State Warriors for guard Georgetown University by the New York of t Eric (Sleepy) Floyd and center Joe Barry Carroll.

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AL CONTRACTOR

The Rockets' president, Ray Patterson, said the powerful frontline had been broken up to strengthen

"At the end of last year, it was Warriors got off to a bad start and obvious that we needed help at just wanted to go in a new direction." guard, and we've been looking toward that this year," Patterson said. "That along with the complications of the [league-imposed salary] cap made it difficult to get anything done before now."

In Oakland, California, the Warriors' executive vice president, Don Neison, said that "we have made a decision to make a change in the basic structure" of his team be-cause "we are not satisfied with the direction" it had taken.

The Warriors were 3-15 following a trouncing Saturday night by the Utah Jazz. The Rockets, having lost to the Chicago Bulls, were 11-8. The 7-foot-4-inch (2.23-meter) Sampson missed 39 games last season because of injuries, but had signed a long-term, multimilliondollar contract before this season began. He had played center most of his career before Houston drafted the highly paid Olajuwon in 1984 and had stated a preference to return to that position full time.

The Rockets earlier this year had

Twin Towers" of the National Basketball Association's Houston NBA, was leading the Warriors this Jersey Nets in 1982, he was traded to Golden State the next year. Last season he was second in the league

in assists, with 10.3 per game.
"It's just part of the business," he said. "You have to move on. The Carroll, 29, in his seventh NBA season, was averaging 16.2 points and 5.6 rebounds. The 7-1 center from Purdue was the Warriors'

first-round draft choice in 1980. Sampson scored 20 points in his final game for Houston and was averaging 15.9 points and 9.0 rebounds. Harris, who is 6-5, had played in only 14 games this season, averaging 5.9 points with a total of 17 assists.

"I think it's a great trade for us." said the Warriors' coach, George Karl. "We felt in our situation that we weren't going anywhere. We don't want to be a playoff team year in and year out and lose in the year in and year out and lose in the did exactly the same thing, and I told him, 'Never again,'" Nelson first or second round. We want to win a championship, and if that means dropping a step or two to get there, we'll do it.

We think Ralph Sampson is one of the top five centers in the game.

WESTERN CONFERENCE

Gelden Stere
William 18-25 7-10 45. Corr 7-9 2-216: Corroll
5-156-616. Flowd 6-127-815. Rebesinds: Atlanto
D (Wilkins 10): Gelden Stete 50 (Smith 10).
Austrist: Artsanto 25 (Riversis); Gelden State 18

Daugherty 9-17 9-13 27, Price 6-12

Sikma 11-1913-1335, Cummings

Sikmo 11-19 13-1335, Cummings 7-14 10-14 22; Johnson 16-19 5-7 25, Drexter 6-19 9-10 21, Re-bounds: Pertiand 41 (Anderson, Kertev 8); All'woutce 35 (Sikmo, Breuer 7), Assists; Pertiand 21 (Porter 10); All'woutce 24 (Cum-mings, J.Lucos, Pressery, Hodges 4), Phoenix 32 25 16 5-184 Callies 24 1 2 18-186

12 8 400 1 1 9 524 2Vs 7 10 412 4Vs 7 11 389 5

31 26 31 15-125

3 15 .167

acquired Purvis Short and World B. Warriors Lose Mullin

Starting guard Chris Mullin, sus-pended by the Warriors for having missed a practice last Thursday, has entered an alcohol rehabilitation program, the team announced Saturday, only two hours before the trade with the Rockets.

Mullin "came forward today to seek help for an alcohol problem, United Press International reported a team spokesman saying. The 1985 U.S. college player of the year, when he was at St. John's, also missed practice two weeks ago. "He has admitted to excessive

consumption of beer over a period of time," the spokesman said. "He is now in the care of professional counselors at Centinela Hospital in Inglewood, California. He will return to the Warriors at the conclusion of his treatment program, which will be determined by Dr. Jerry Rozanski."

Mullin was suspended for Friday's game with the Atlanta Hawks ause he failed to show up for practice Thursday morning in Oakland, first calling to say he would be late, then to say he wouldn't be there for "personal reasons."
"We let Chris go the last time he

said Thursday. "He promised me it would not happen again. I said, Well, if it does, you're going to be facing some very serious problems with



Bills Rout Colts, Dolphins Win For 3-Way Tie in AFC's East dropping Houston a game behind in the AFC Central race.

INDIANAPOLIS — Jim Kelly threw touchdown passes Sunday afternoon of 12 yards to Ronnie Harmon and 8 yards to Trumaine Johnson as the Buffalo Bills beat the Colts, 27-3, to move into a firstplace tie with Indianapolis and Miami in the American Conference's East Division of the National Foot-

ball League.
The Colts, now 7-6, did not make good on one third-down attempt and lost the ball four times on in-terceptions and twice on fumbles. The second fumble, by backup quarterback Sean Salisbury, was recovered by Bruce Smith in the Indianapolis end zone for the Bills' final touchdown, with 1:11 to go. The Bills lost four fumbles, in-

The Bills lost four fumbles, including one by Jamie Mueller that set up the Colts' only score, a 30-yard field goal by Dean Biasucci midway through the second quarter.

Kelly completed 18 of 34 passes for 167 yards and extended his streak to 18 games with at least one touchdown pass. The Bills held the touchdown pass. The Bills held the Colts' star running back, Eric Dickerson, to 19 yards on 11 carries.

Dolphins 28, Eagles 10: In Philadelphia, Dan Marino, taking advantage of the NFL's worst pass defense, threw for 376 yards and three touchdowns as Miami moved into the three-way tie in the AFC East.

Marino was 25 of 39 passing, at one point in the third period com-pleting 11 straight, with two touch-downs to Mark Clayton and one to Mark Duper, Ron Davenport ran a

yard for a score set up by Marino. Marino picked apart the Eagles' defense despite being sacked three times, once by Reggie White, the NFL leader with 17. It was the 25th regular-season game in which Ma-rino had passed for 300 or more yards, which tied him with Sonny lurgensen for third place in the record book, behind Johnny Unitas

lined for the previous three games, to extend the NFL's longest curruns, in helping build a 24-3 lead.

NFL ROUNDUP

picked apart New York's injury-riddled defensive secondary with four touchdown passes in the first half. The Patriots moved to within 254 yards, but was sacked three one game of the AFC East division leaders, while the Jets' playoff ing one. hopes suffered a serious blow.

Grogan, 34, who had been out wankee, Wisconsin, Kenneth Davis with neck and shoulder injuries, inwith neck and shoulder injuries, improved his record to 11-5 against the lets. He has thrown at least three touchdown passes against them in six games, and this time, against a defense that was without injured cornerbacks Russell Carter, Jerry Holmes and Kerry Glenn, he led the Patriots to a 35-6 lead at halftime, completing 11 of 16 passes for 180 yards, without interception, and running two yards for a touchdown Grogan threw touchdown passes of 28 yards to Stephen Starring, 26 yards to Irving Fryar and 17 and 16 yards to Cedric Jones. Two of the scores followed New York fumbles.

Browns 38, Bengals 24: In Cleveland Residence of the scores followed New York fumbles.

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Browns 38, Bengals 24: In Cleveland Residence of the scores followed New York fumbles.

Browns 38, Bengals 24: In Cleveland Residence of the scores followed New York fumbles.

Kevin Mack and Derek Tennell

each caught two-yard touchdown passes to help give the Browns a Carter with 32 seconds to go in the third straight easy victory over their downstate rival.

Redskins 24. Cowboys 20: In

in the second quarter. The 28 points were the most ever scored by the Browns in a second period and matched the team mark for most fourth straight, had had 20 consecpoints in any one quarter.

It was Hebert's first three-touch-

down game in three years in the NFL. He was 15 of 27 passing for

Packers 16, Vikings 10: in Mil-

Browns 38, Bengals 24: In Cleveland, Bernie Kosar threw four
touchdown passes, his high in the
NFL with three coming during a

NFL with three coming during

team-record 28-point second quar- Wade Wilson replaced Tommy Kramer as the Vikings' quarter-Webster Slaughter caught scor-ing passes of 22 and 18 yards and Kenn Most and Dorot Toronti first half. Kramer had thrown a 40-yard touchdown pass to Anthony

Mack rushed for 134 on 27 car-ries, with a 22-yard touchdown run nine passes for 187 yards and a touchdown to help ensure Dallas its second straight losing season. The Cowboys, who lost their

wints in any one quarter.

White winning seasons until last Kosar, who has thrown a touch- year. Danny White, whose two down pass in 15 straight games, touchdown passes enabled him to break Roger Staubach's club-re-cord of 153, was 27 of 49 for 359 leans, Bobby Hebert threw two yards but was sacked three times. Patriots 42, Jets 20: In Foxboro, touchdown pases to Eric Martin George Rogers scored twice for Massachusetts, Steve Grogan, side-lined for the previous three parties.

SCOREBOARD

Basketball

NBA Standings EASTERN CONFERENCE Delica Denver Houston San Antonia Utoh Socramania Historia W L Pct. GB 11 8 579 — 8 8 500 11/2 4 12 216 5 6 13 316 5 2 15 .118 2 11/2 Partiand
Seattle
Phoenix
LA, Clippers
Golden State

U.S. College Results

FRIDAY'S SCORES Bates \$1, MIT 76 Delaware \$3, Columbia 53 NYU 79, Case Western 70

SATURDAY'S SCORES

American U. 72. Derimouth 71
American U. 72. Derimouth 71
Amherst 85. Skidmore 72
Beston Col. 122. Holy Crees 83
Brooklyn Col. 71, Rebert Merris 52
Connecticut 163, Morgan 51, 30 Connell of. St. Beneventure 57 Cornell of St. Beneventure 57 Poirteigh Dickinson 82, Cleveland 51, 30 Poirteigh Washington 45, Manmouth (N.J. Cerrse Washington &S. Ma-George Washington &S. Ma-George Washington &S. Lea 40 George Irown 78, St. Lea aviana 74, Fairfield 55
Iffacts 56, Rochester Tech 55
Johns Hookins 85, Lebanon Vol. 48
La Satle 85, Fardham 80
Laros Island U. 46, St. Francis (N.Y.) 43
Levola (Md.) 79, St. Francis (Pt.) 62
Manhotton 65, Lotayette 57
Macsochusetts 73, Northeastern 74 Massachuseits 75, Northeastern ?
Pittsburgh 76, West Virginia 64
Seton Hall 92, Ruisers 72
St. Joseph's 52, Villanova 52
St. Peter's 78, Niasara 77
Syrocuse 92, Canislus 77
Temble 78, Rhade Island 65
Wassar 94, N.Y. Marrillos 44

mple 75, Rhose Island Igner 94, N.Y. Moritime 46 SOUTH Island 86, NE Louisland 46 Criddel 80. Eckerd 45 Clemson 76. Coastol Corolina 57 Florido 71. Fiorido 51. 48 Georgia 95. N.C.-Asheville 45 Kentrucky 7.
LSU 55. Maryland 54
Memphis 31. 76. Missouri 45
Middle Tenn. 92. Tn.-Choitean
Mississippi 69. Tulso
Davidson 64.
Davidson 64. N.C. Charlotte 34, Davidson 68
New Orleans 80, Fullerton 51, 57
North Carolina 70, Southern Math. 74
Peoperdine 63, McNesse 51, 61
S. Carolina 51, 90, Ctallin 75
Va. Cammanweatth 75, East Carolina
Virginia Tech 118, Baptist U. 45
Wyamina 74, Ala-Birminaham 69

Arizona 66. Iowa 59
Boston U. 59, Onle U. 51
Bowlins Green 66, Wright St. 66
Doyton 90, Duquesna 76
DePoul 73, Notre Dome 49 .Kensas 118, Rider 72 Loyola (IIL) 78, Wisco Michigan 115, E. Alichigan 43 Michigan St. 69, Texas Christian 52 Purdue 96, Ball St. 47 Purdue 96, Ball St. 47

Purdue 76. Borthwestern 68
Rollins 70. Northwestern 68
Wichito St. 72. Grambilins 51. 85
Wichito St. 72. Grambilins (Ohio) 73
Xovier (Ohio) 71, Miami (Ohio) 73
Xovier (Ohio) 74
Xovier (Ohio) 75

Boise St. 70, Son Dieso 54*
Colorado St. 65, N. Texas St. 56
Idaha BJ, Hawall 82, 20T
Nebraska 67, Oreson 62
New Maxico St. 58, Texas-El Poso 57
New Maxico St. 58, Texas-El Poso 57 New Mexico St. 58. Texos-El Oregon St. 85. U.S. Internatio Seattle 65. Southe Pacific 60 St. John's 72. UCLA 64

TOURNAMENTS BANKER'S CLASSIC ship: Bridgeport 118, N.Y. Tech 20 HISTORIAN STREET IN MEY. 18CH WITH PROCES TO METCY AS CHAMPION HOLIDAY CLASSIC

CHAMPION HOLIDAY CLASSIC
Championship: Montons & Ga. Southern
Third Place: Fiorida A&M. & La. Tech
COUGAR CLASSIC
Championship: BYU 91, Chicago SI. 60
Third Place: Idoho SI. 72, Weber SI. 71
HERITAGE CLASSIC Heaship: Droke 88, N. Igwa 77 Championship: Drycass 70, Houston Boptist 54
Third Place: Genzass 70, Houston Boptist 54
TLLINI CLASSIC
LLLINI CLASSIC
Lincols 197, Auburn 183, OT Champianship: Inners 107, Accord 164, 04 Third Piece: Son Jose St. 65, Ill-Chicago St. INDIANA CLASSIC INDIANA CLASSIC
Championship: Indiana 63, Weshington \$1,55
Third Place: Jomes Modison 65, Indiana 51,63
LONGHORM CLASSIC
Championship: Utah 51, 80, Texas 75
Third Place: Pap American JA, Museum Ct. 27 Chemplesship: Uteh St. 80, Texas 75
Third Place: Pan American 68, Murray St. 57
RUNMIN' JOE CLASSIC
Chemplesship: Arkonses 51, 42, Baylor 43
Third Place: Somford 72, Miss. Volley Sl. 62
WHITWORTH INVITATIONAL
Chemplesship: Whitworth IRS. Carroll 92

European Soccer Lens 2. Toulon 1 Marseitie 9. Lilie 1 Le Hovre 6, Bordeoux 1 Points: Manaco 33; Bordeoux, Matra Racins 30; Auxerre, Saini-Etienne 26; Mantpeliller, Marseille, Cannes 25; Northes, Metz 24; Laval, Nijert 22; Toulon, Touloute 21; Lilie, Lens 20; Nice 19; Paris 51-Germain 18; Brest 15; Le Hevre 14. 17ALIAN FIRST DIVISION Cesena 3, Como 8 Florentino 1, inter Miton 2 AC Milon 1, Rama 8

World Cup Draw palts of Saturday's draw for the ESSETS OF SECURITY'S MITTER FOR FIRE QUARTER
TOURNESSESS OF THE 1799 WOR'DE COPY:
MORTH AND CENTRAL AMERICA
AND CARRIBEAN
(TWW QUARTER)
FIRST ROUNG Group One

second Round

Detroil 28 77 32 22-19
Donitey 11-20 7-10 29, Dumors 9-14 4-4 22;
Cottedes 19-14 4-7 26; M. Maione 9-17 4-5 22.
Rebessels: Washington 40 (Cottedge, M. Maione, Bol 8): Detroil 43 (Loimber 11). Abatels: Washington 24 (F. Johnson, Walker, Bo-THIRD ROUND

Theus 11-21 4-6 27, Thompson 5-6 4-4 14, Re-bounds: Cleveland 40 (West R), Socramento 54 (Oldham 111) Assists: Cleveland 19 (Price 6); Sreup Four: Finland, Neitherlands, Wales, West Germany. Group Five: Cyprus, Franca, Norway, Scot-

> ern Ireland. Spein.
> Group Seven: Betelum, Czechoślovokia,
> Luxemboura. Perhuad, Switzerland.
> In the five-learn groups, the top two quality.
> In the four-teem groups, the first from each
> group qualities plus the best two second-place
> group qualities plus the best two second-place procedurations and the second-place teams. (Tiebreak criterio for second-place teams; soints, eacl difference, total goals; il undecided, a deciding match will be held on

> > SOUTH AMERICA

Delies
Aguirre 16-21 5-11 25, Biochman 9-22 64 24;
Edwards 13-29 6-12 32, Nance 9-19 6-0 18, Rebeands: Phoenix 66 (Edwards 16); Delies 47
(Donaldson 20), Assists: Phoenix 33 (Hernaczk: 10); Delies 20 (Herner, Don's 6).
LA. Leikers
22 36 23 33-13
Bastea
Abdel-Jeibber 19-14 3-4 22, Scott 8-15 4-5 21,
Casper 6-12 2-2 21; Bird 14-26 4-35. D. Johnson (3 qualifiers; Argentina, chemples Group One: Bolivia, Peru, Urugua; Group Twe: Colembia, Ecuador, Pon Group Two: Contract Education From Signature Group Three: Brazil, Chile Venezuela Winners of Groups One and Three qua for finals; winner at Group Two faces winner at Oceania-teroet to audity. Abdul-Jobber 19-14 3-4 22, Scott 6-15 4-5 27, Cooper 8-12 2-22; Bird 14-26-6-35, D.Johnson 8-19-3-4 19, Rebounds; Las Angeles 48 (Abdul-Jobber, E. Johnson 8); Boston 41 (Bird, Por-leth9), Assishi: Los Angeles 28 (E.Johnson 17);

FIRST ROUND New Zegland vs. Taipel. Australia vs. Fill. SECOND ROUND

Pallodelphia 27 22 24 -131
Vincenti 13-25 7-8 33, English 13-20 47 39;
Borkley 8-18 10-13 28, Robinson 11-19 3-6 25,
Rebounds: Denver 38 (Vincent 8); Philodelphia 4 (McNemora 18), Assists: Denver 38 (Adoms 14); Philodelphia 31 (Checks 16),
Houston Chicago 37 17 22 -133
Chicago 16-28 72 37 Houston
Chicage
Jordon 16-26 12-12 44, Oakley 8-15 3-4 19;
Ofoluwan 12-25 7-10 31, Sampson 7-15 6-7 28,
Rebeands: Houston 55 (Sampson 12); Chicage 44 (Oakley 14), Assists: Houston 28 (Leevell 15); Chicage 33 (Parson, Jardon 9),
Perliand
Indiana
Drexier 9-21 18-11 28, Parter 4-9 8-11 16; Person 8-21 2-318, Fleming 8-13-2-18, Aillier 8-9 8-9
17, Rebounds: Portland 50 (Kersay 13); Indiana 54 (Tisalae 16), Assists: Portland 22 (Porter 19); Indiana 30 (Person, Shannovich 7),
Vershington

(2 Teams Quality) FIRST ROUND FIRST ROUND
Pairies One: Angolo vs. Sudan.
Pairies Two: Lesotho vs. Zimbohwe.
Pairins Three: Rwando vs. Zambio.
Pairins Feer: Ugando vs. Malawi.
Pairins Five: Libro vs. Burkino Fase.
Pairins Six: Ghona vs. Liberia.
Pairins Seven: Tunisia vs. Guinea.
Pairins Eight: Togo vs. Gaban.
SECOND ROUND (Reend Robin)
Broup A: Algeria, Ivory Coast, Pairins 5
winner, Pairins 2 winner. Group D: Morocco, Zaira, Pairing 7 wither Group D: Morocco, Zaira, Pairing 7 wither Pairing 3 wither. THIRD ROUND

ASIA Wilers)

West Asia Group Two: Bohrain, North Yemen, Saudi Arabia, Syria. Group Three: Kuwait, Pakistan, South Ye-men, United Arab Emirates.

words 4-16 4-5 1a. Rebounds: Phoenix 37 (Edwinds 13). Sun Antonio 71 (Gudmundsson 13). Assists: Phoenix 27 (Hormacek 9); Son Antonio 79 (Robertson 10).

24 14 22 33—73 Gelden Store 10-112-222, Molone 7-125-719; Teagle 10-20 2-4 22, McDonald 6-12 4-4 16. Rebounds: 10-20 2-4 22, McDonald 6-12 4-4 16. Rebounds: 10-20 2-4 24, McDonald 6-12 4-4 16. Rebounds: 10-20 4-12, Assists: Golden Store 20 (Herderson 51); Utoh 30 (Green 7).

La. Citippers 30 (Green 7).

20 12 28 38—116 McDonald 13-27 9-11 35. Eillis 8-17 5-4 23; Rebounds: Los Angeles 7 (Coge 14); Santie 35 (McDoniel Lister 14). Assists: Los Angeles 13 (Valentine 4); Seottie 22 (McAhllan 11). Greus Six: Hong Kong, Indonesia, Japan, North Korea.

Football

CALIFORNIA BOWL Ichigon 30, Son Jose St. 27 FREEDOM BOWL

DIVISION I-AA

U.S. College Results

Semificals

Morsholl 24, Appolachian St. 19

Mershall 24, Apparatus III NE Louisiana 44, Northern lev DIVISION II Chemplanship Trey St. 31, Portland St. 17

ENGLISH FIRST DIVISION
Coventry City 6 Arsenal 0
Nottinsham Forest 4 Queens Park 0
Tottenham 6, Carcilon 1
Liverpool 2, Southermaten 2
Sheffield Wednasdoy 1, Wimbledon 0
Westend 1, Links 2

Liversoid 2, Southamster of Sheffield Wednesday 1, Wimbledon 0
Wattord 6, Lutan 1
Chelson 1, West Horn 1
Everton 3, Derby 0
Newcostle 1, Portsmouth 1
Manchester United 3, Oxford 1
Points: Liversool 44; Arsenol 39; Nottingthom Forest 24; Everton 33; Manchester United Queens Park 22; Chelson 22; Wimbledon 25; Lutan, Southamston, Derby 24; West Hom 22; Newcostle, Tottenham, Oxford 22; Coventry, Sheffield Wednesday 21; Portsmouth 19; 175, Sheffield Wednesday 21; Portsmouth 19; 23; Newcostle, Tottenham, Oxford 22; C try, Sheffleid Wednesday 21; Portsmon Wattard 17; Norwich 15; Charlian 14, FRENCH FIRST DIVISION Paris St-Germain 1, Niort 3 Washed 1, 1 mart 2

Montes 1, Loval 2 Metz 2, St, Etterne 1 Nice 1, Racing Club 2 Montpetitor 4, Connes 2

Hockey

NHL Standings

tsion ₩ L T P16 GF GA

AC Mion I, Roma o Negoti 2, Juvenius 1 Pescara 2, Aveilino 8 Sampdorio 2, Ascoli 0 Terino 8, Empeli 1 Verono 8, Pisa 0 Points: Napeli 19; AC Milan, Sampdorio 16; Points: Napeli 19; AC Milan, Sampdorio 16;

Points: Nopell 19: AC Allan, Sampeor to as; Roma 13: Juvenius, Inter Milan 12: Varona, Cesena 11: Florestina, Pescara 10: Tarina, Plea 9: Ascali, Ceme 8: Aveilina 4: Empell 3. SPANISH FIRST DIVISION Murcia 6. Cadiz 8 Real Sociedad 4. Barcelona 1 Valiadelid 1, Setts 8

Red Mouria 2 Cello 1 Glion 1, Lagranta 6 Zaragoza 1, Mallocca 6 Ossaunta 0, Sabadell 0 Sevilla 1, Atheric de Bilboo 1 Español 3, Volencia 1

INTERNATIONAL FRIENDLY

AC Milen 1, Rema 6

Regi Madrid 2, Cetta 9

World Cup Skiing

MEN
Downshill (at Vol Gardeno, Hoty)
1, Rob Boyd, Conede, 2:02.29.
2, Pirmin Zurbripsen, Switzerland, 2:02.59.
3, Brion Stemmte, Conedo, 2:03.67.
4, Jon Elver Therraen, Norway, 2:03.44.
5, Alichoel Mair, Holy, 2:02.78.
4, Marc Girardelll, Luxembours, 2:03.90.
7, Leonard Stock, Austria, 2:03.97.
8, Marins Wassneier, West Germany.

9. Peter Müller, Switzerland, 2:04.04. 18. Felix Belczyk, Canado. 2:04.13. Glant Stelost (at Val Bodie. 1817) 1, Alberta Tombo. Italy, 1;18.10-1;14.24—

2. Rudelf Nierlich, Austria. 1:18.85-1:14.30—2:33.10

2. Joel Costess, Switzerland, 1:19.25: Samuelsson (3), Proper (3), Brown (3): 1:14.51—2:34.69, and Hons Piered, Switzerland, 1:18.42-1:15.47—2:34.09

5. Hubert Strotz, Austria, 1:20.01-1:14.12—34; Detroit (in LaForest) 9-3-7-3—27, 3-34; Detroit (in LaForest) 9-3-7-3—27

nin Zurbriggen, Switzerland, 1:19.39-7, Andreas Wanzel, Liechtenstein, 1:19.30-1:14.95—2:34.25 6 Pirmin Zur 1:14,75—2:34,14 Fella McGratte U.S., 1:20,29-1:15,08ank Weernell, West Germany, 1:19,70-

9, Frunk Wermal, West Cermeny.
1:13.78—2:33.49
10. Markus Wasmeler, West Germany.
1:19.95-1:15.44—2:35.59
1. Alberto Tombo, Italy, 75 points
2. Pirmin Zurbriggen, Switzerland, 39
1. Rob Boyd, Canado, 36
1. total Gaspaz, Switzerland, 30

7. Norths Pieren, Switzerland and Jonas B. Hans Pieren, Switzerland and Jonas Nilsson, Sweden, 21 10. Günther Mader, Austria; Ingemor Sien-mark, Sweden, and Rudolf Nierlich, Austria, 20

1:31.34.

4. Karen Percy, Canada, 1:31.54.

5. Blanca Fernandez-Ochoo, Spain, 1:31.58.

6. Karin Dedier, West Germany, 1:31.94.

7. Elisobeth Kirchier, Austria, 1:31.99.

8. Alichoela Gera, West Germany, 1:32.03.

9. Heidi Zeller, Switzerland, 1:32.04.

10. Anita Wochier, Austria, 1:32.04.

Stelem (At Leokerbod)

1. Ida Ladstätter, Austria, 45.61-49.47—

1:34.63

Sielem (At Laskerhad)

1, Ida Ladstätter, Austria, 45.61-69.4.—

1:34.62

2. Cermilia Niisson, Sweden, 45.98-48.69—
1:34.67

3. Bianco Fernandez-Ochoa, Spoin, 45.71-69.65—1:34.67

4. Anni Kronbichier, Austria, 45.55-69.73—1:35.28

5. Roswitha Sieiner, Austria, 45.55-69.73—1:35.28

6. Corinne Schmidhauser, Switzerland, 44.55-9.32—1:35.77

7. Dereto Magare Tialico, Franca, 47.00—1:35.89

8. Antia Wachter, Austria, 46.66-9.82—1:36.48

9. Carlselle Guignard, Franca, 47.03—1:36.48

9. Carlselle Guignard, Franca, 47.03—1:36.49

10. Christine von Grünigen, Switzerland, 46.39-50.34—1:36.79

10. Christine von Grünigen, Switzerland, 46.39-50.34—1:36.79

10. Christine von Grünigen, Switzerland, 47.29—1:36.69

10. Christine von Grünigen, Switzerland, 49.10—3—22.

11. Suiter (61; D.Hunter (7), Schmidt (1), Sheits on spoil: Pirisburgh (an Wormstey) 11-11-8—30; Si. Louis (an Meloche) 40.39-50.34—1:36.79

12. 2—5

Manaesofa

Picard (2), Lombert (5), Jockson (20, A.5-50sin) (11), Gillis (4), Sheits on spoil: Quebec (an Beourre, Takko) 5-10-7—1; Minnesofa (an Gosselin) 5-10-2—17.

11. Anni Kronbichier, Austria, 45.55–9.73—1

Richer 2 (20), Lemieux (12), McPhee (13), Shoits on spoil: Certail (13), Shoits on spoil: Certail (14), Vierron (12), Shoits on spoil: Certail (13), Shoits on spoil: Certail (13), Shoits on spoil: Quebec (an Beourre, Takko) 5-10-17—1; Minnesofa (20, Shoits) 5-10-2—17.

11. Anni Kronbichier, Austria, 45.55–9.73—1

Richer 2 (20), Lemieux (12), McPhee (13), Shoits on spoil: Certail (14), Vierron (15), Shoits on spoil: Certail (13), Shoits on spoil: Certai

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bert (4), Leiter (2), Wood (13), Trottler (11), Shels et soul: N.Y. Islanders (on Meloche) 812 (1—3): Pithburgh (on Smith) 13 11 72—34. McSoriey (1), Kurri (16); Adams (19), Shets

McSorley (1), Kurrl (16): Adams (19), Shets en sool; Yoncouver (on Fuhr) 94-13-27: Edmonton (on McLeon) 7-17-3-27.

Quebec 1 2 0 8-3

Guinney (1), Duchesne (2), Goulet (18):
Duncon 2 (10), Smell (2), Shets on sool; quebec (on Reddick) 104-7-4-32; Winnipes (on Gosselin) 8-10-8-1-27.

Category 1 4 9 5

Land McSorley (1), Kurrl (16): Adams (19), Shets on sool; Quebec (18): Adams (18): Duncon (

SATURDAY'S RESULTS Sested Crelehten 2 (9), Fellene (11); Courtroll 2 (15), Burridge (14), Shots on goat; Buttale (en Lemelin) 7-5-42—20; Boston (en Berrosso) 94.Y. Islanders
Surtier (11), Traffier 2 (13), LaFantaine (16),
Lauer (4): Johnson (4), Brown (5), Driver (7).
Shots on goal: New Jersey (on Hruder) 9-189-25; New York (on Sauve) 14-13-18-45.

Les Angeres
Heriford
Allior (4), Francis (13), Bobych (6); Erickson (3), Robholite (17), Shots on gool; Los
Angeles (an Llut) 9-8-15-22; Harriard (an
Jonecyk) 7-11-10-28.

1 8 9-1
Chicose
Washington
Washington

Westington
Hotcher (*), Gortner (17); Soverd (15);
Shats an exal: Chicago (an Peeters) 12-10-527; Washington (an Pang) 17-6-32;
Edmonton

8 2 1-3 empson (19), McSorley (2), Greizky 2 (27), Honnon (5), Kurri (17); LeBlonc 2 (2), Smyl (8), She's on soot: Edmondon (on McLeon) 12-64—24; Vancouver (on Fuhr) 7-19-16—27. N.Y. Ronsers Simpson (19), McSorley (2), Gretzky 2 (27), Toronte 2 12 LCaurinali (15). Damphausse (6), lafra
(14), Frycer (9); DeBlois (5), Nemeth (1
Diome (19), Shots an soal; NJY, Rangers (1
Bester) B-13-12-32; Toronte (an Vantis
brouck) 8-13-17-38.

(At London)
Semification
Semification
Miliosiav Medir and Tomas Smid, Czechostovahla, det Stefon Ediberra and Anders Jarryd, Sweden, 3-6-63, 2-6-63, 6-64.
Ken Flach and Rebert Segusa, U.S., det.
Sergia Casal and Emilio Senchez, Sealn, 6-1,6-

ecir and Smid def. Flach and Seguso, 6-47-

Poul Annocone, U.S., and Christo von Rambure. South Africo, del. Peter Flaming and Gary Donnetly, U.S., 6-1, 6-3, 6-1.

Tomba, Figini Again Ski to Victory, Widen Leads in World Cup Standings

VAL BADIA, Italy - Alberto Tomba of Italy took command of

KY. Islanders 1 1 2 winning a super-G race for her sec-pithabersh (1), Lamleux (25), Bustans (2), Cal-Johnson (1), Lamleux (25), Bustans (2), Cal-Johnson (1), Calley (1), Cunneyworth (13); Gil-londer (8), Calley (1), Cunneyworth (13); Gil-londer (8), Calley (1), Cunneyworth (13); Gil-londer (8), Calley (1), Cunneyworth (13); Gil-Tomba clocked an aggreg

minutes, 32.34 seconds in increasing his points in the standings to a maximum 75 for the season. World Cup defending champion Pirmin of Canada edged defending overall Zurbriggen of Switzerland was second, at 59 points, after placing Switzerland and teammate Brian Tomba, fastest on the morning site exactly a year before of Boyd's run down the Gran Risa course,

Nierlich of Austria by .44 seconds. Figini, although bruised in a fall after winning Friday's downhill, mastered the tricky, bumpy Torrent course at Leukerbad in 1:30.21 to section of the course, which had a

tria by 1.05 seconds. That put Figini, 21, atop the women's overall standings with 77 points for seven events. Signid Wolf of Austria, among the 20 entries who failed to finish Saturday, American Tori Pilinger, 20, lost her dropped to second with 57 points. balance after the last gate, over-

Regine Mösenlechner of West Germany placed third in the super-G, 1.15 seconds behind Figini. tory this season.

The day before, in Leukerbed, Nilsson of Sweden by four-hundredths of a second and Fernandez Ochoa of Spain by 19-hundredths.

Brigitte Oertli of Switzerland. day's downhill and Sunday's slalom

ahead of Anita Wachter of Austria and Canada's Percy. Saturday, in the men's second downhill of the season, Rob Boyd champion Pirmin Zurbriggen of Stemmle at Val Gardena, Italy, the first cup triumph.

which dropped 393 meters (429 Boyd, 21, of Whistler Mountain, yards), edged second-place Rudolf British Columbia, was clocked in 2:02.29 down the icy, 3,445-meter Saslong run, at an average speed of 63 mph (102 kph), with a peak of nearly 74.5 mph in the final, straight beat runner-up Sylvia Eder of Aus-vertical drop of 839 meters. Zurbriggen was 21-hundredths of a second back while Stemmle, who

skied his best downhill, finished



turned twice and crashed into the right finishing post at an estimated 50 mph. She sustained a fractured pelvis, a broken right thigh and torn knee ligaments.



Porto Nips Penarol, 2-1, in Soccer's Club Championship

Algerian international Rabah Madjer, above, scored on an 80-footer with 11 minutes left in overtime to give European titlist Porto a 2-1 victory over Penarol of Uruguay in Sunday's world club soccer championship match in cold and snowy Tokyo. Madjer's shot rolled untouched into the net after many Penarol players had advanced to midfield and goalkeeper Eduardo Pereira had moved forward from the net. South American champions had won six of the previous seven title games; Juventus provided the only European success by beating Argentinos Juniors on penalties after a 2-2 draw in 1985.

Alberto Tomba

1,155 Pages of Women's Words

By Suzanne Lowry International Herald Tribune

T ONDON - What is it that women want? Sigmund Frend, after a lifetime of probing and pronouncing on the subject, felt in some mysterious sense that he was no wiser.

Modern feminism has made a big cause of discrediting Freud, while giving a whole list of new answers to old questions, and furiously documenting, analyzing and scientifically quantifying female hopes, fears and emotional conundrums. For recent instance, Shere Hite would have it that 84 percent of American women are dissatisfied with their relationships with men. And 98 percent desire "more communication."

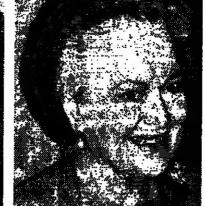
Hite's methodology was immediately pronounced suspect, but it may be that last of her statistics, spurious or not, gives some clue to why an extraordinary collection of "successful" women, mostly sophisticated and some downright distinguished, were prepared to talk their heads off for publication to a man who is neither shrink nor sociologist, nor even a

If academics shricked about Hite's methodology, what would they say about that of Naim Attallah, London-based Palestinian-born entrepreneur, publisher, perfumer, party giver and financier? He has compiled a book of 289 women's lightly edited and in some cases apparently unconsidered words, and published them under his own Quartet imprint in a huge tome called, simply (or pretentious-"Women." The text is a patchwork quilt of chat opinions and recollections; not tales from a Vienna couch, but from a Soho lunch table.

The cast includes Tina Brown, Fleur Cowles, Barbara Cartland, Jerry Hall, Diana Vreeland (interviewed by mail, at her request), Lady Annabel Goldsmith (wife of Jimmy), Olivia de Havilland, Yasmin Aga Khan (daughter of Rita Hayworth), Soraya Khashoggi, Doris Lessing, Carolina Herrara, Emily Prager, Andrée Putman, Charlotte Rampling, Koo Stark, Gloria Steinem, Janet Suzman, Delphine Seyrig, Kate Millett, Doris Saatchi, Lady Menuhin, Hélène Ro-

There are Arab women and Jewish women and Malaysian women. A rabbi, a headmistress, two nuns, a very powerful investment banker, all manner of female bureaucrats, biographers, publishers, socialites, designers and entrepreneurs. There are women whose names sound more importantly peculiar than their owners can possibly be - like Marie-





Author among the women: (from left) Greer, Hall, de Havilland and Attallah.

Hélène du Chastel de la Howarderie, Lisa abortion, and so on. It is rather like them, much loved. I am not complaining, St Aubin de Teran, Christine Bogdanowicz-Bindert, Ariana Stassinopo-

lous Huffington. great themes and private dreams, hard to stop dipping into. For bed or chopped into short takes under headings such as "early influences," "sexuality," "motherhood" and, of course, "relationships," is a bizarre kaleidoscope of the age according to its upmarket Eves. But look not here for analysis or questioning, or any male imperialist interpretation of what is said. This man has sent the dishes

back untouched. The book has, predictably, embarrassed some of its stars. Having knowingly, but not necessarily wisely, subjected themselves to one of the more common modern methods of journalistic investigation, the free-fall, tape-recorded, postprandial interview, some of the subjects woke up with the nasty feeling that they had been given enough tape to hang themselves, or at least make themselves ridiculous. Others, equally predictably, were miffed to be left out. "Vanity publishing," shricked one reviewer, "a non-book"; "289 women of no importance."

Attallah maintains that he was not setting them up, had no intent to ridicule or exploit and expresses the pions hope that his book will contribute in some small way towards a clearer understanding between the sexes. Nevertheless, the result reads rather strangely, because the questions are omitted, and only the general area of discussion suggested by the section head. Thus, under "relationships," one seems to be reading a lot of responses to questions about sexual at-

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listening to an interminable one-sided telephone conversation. But it has the fascination of all dictionaries and refer-The shreds of their conversation on ence books (neither of which it is); it is bathroom perhaps, but not, at 1,155 pages, for reading in the bus.

Naim Attallah is a figure who flirts simultaneously with notoriety and establishment respectability. He is famous in London for his staff of upper-class aides with names like Bonham-Carter and Fraser and Sackville-West and Guinness "Naim's Harem") but also owns The Women's Press, a leading feminist im-print, and The Literary Review, edited by Watch. He makes perfumes with blatantly erotic names ("Avant l'A-mour" and "Après L'Amour") and is finance director of Asprey's, the grand Bond Street jewelers and silversmiths. He owns a jazz magazine, Wire, and a fine arts journal, Apollo. He backs dress designers and television shows. He is colorful and urbane, presiding over his little empire from the rather cramped headquarters of his Namara group in Soho. All in all, he contrives to be a walking, talking, lunching affront to the British idea of a businessman and gentleman. He is charming, but seems happily to lack

Anglo-Saxon men. Naim Attallah was born into a Christian family in Haifa in 1931. The preface to "Women' is a beautifully written account of his early years with a grand-mother and an aunt: "Only for you to realise that I was a frail little boy brought

any violent undertow in his manner, of

the sort so common among "charming"

but I was a prisoner in a way. They boys." He arrived in Britain in 1949, a refugee at 18 with no money and no passport. He worked as a steeplejack, studied engineering, then worked his way up from the bottom in the City to become a foreign-exchange dealer, and on from there. In 1976, he bought Quartet.

He once had ambitions to be a newspaper proprietor; now that is probably out of his reach, but in any case he says that it no longer interests him. His remaining ambition is to produce, write and direct a play - "to do everything to it, not just bits of it." He also wants to write a book about "Love" and a book about "Power' and a book about "Religion." He may not have much time to do so if he goes on with the expansion of "Women." In France, six translators have been working to produce an edition that will add 17 French women (there were already 26) including Arletty, Françoise Giroud and Claire Bretecher. That will appear in January. Then the Canadians want him to add 25 Canadian women and a Dutch publisher wants some Dutch women. There are no royals in "Women" and Margaret Thatcher turned him down,

Kinnock lost her diary and never turned up, but apologized afterwards. So what has he learned? That Anglo-Saxon women are less secure than South

making the election her excuse. Edwina

Currie, the new junior health minister, wanted to be paid £50. Germaine Greer

declined, so did Antonia Fraser. Glenys



deeper things, they are not titillated by the visual like men. And sexually, a woman finds it difficult to divorce sex from love, men find it very easy, very easy. Also a woman in love, a woman within a relationship, is more loyal."

One might have hoped a man as sophisticated as Attallah knew this kind of stuff already, but then learning was not the point of the exercise. He says it was his liking for women that tempted him into it: "I genuinely like women. I mean

So what did these women actually say? The scale of the book is such that it defies representative quotation. One can open it and read a sentence such as "Marriage is the caviar of life. I do not think it should be for everyone." Or "The fact is it is not easy to be with a man who is weaker than you are." Or "I usually have stupid boyfriends." But there are also long, well-reasoned passages of thinking and argument, albeit still drearily laced with tape-

recorded hiccups and repetitions. Even Germaine Greer, who was furious with him, admitted that he would probably "get away with it." The reason may be that it is not at all anguished, as so many books about women have been. It is entertaining and not, in the end, abusive. Here is not woman as problem, but woman as lunch companion. And it gives some flavor, for better, for worse or for sillier, of what conversation or "com-European and Asian women, he says. munication" with educated, privileged And that "women are not run by the visual. Accomplished women look for And even a few clues to what they want.

LANGUAGE
Some Yule Gifts of Gab

By William Safire on the giver than the gift of gab.
Here are books about words available this year that will enliven debates, illuminate issues, prop up little kids at the table and prevent doors from slamming shut.

The Random House District.

Wisan Darona Suresand was sing.

ing Irving Berlin's "All by Myself" is came across the lync copy Morris chair" and interjected "And what is a Morris chair".

The answer can be found in the Facts on File Encyclopedia of Word and Phrase Origins (\$40) by the same of the copy Morris Chair and interjected that the c

try such as pancake has more than James S. Harrison with mind-tickthe usual differentiation of griddle-cake, hot cake and flapjack; Southerners use battercake for what some Northerners call flannel cake, and someone driving from the Northerners call flannel cake, and someone driving from the Northerners call flannel cake, and someone driving from the Northerners call flannel cake, and someone driving from the Northerners call flannel cake, and someone driving from the Northerners call flannel cake, and someone driving from the Northerners call flannel cake.

don't know if I would have put in the whole dancer when showing her leg warmers, but was glad to see a picture of a havelock, that flap of fabric that hangs down the back of a hat to protect the neck.

New words? Zap, that exciting imitative verb from World War II, the additional modern sense of deleting television commercials by pressing the fast-forward button on the videocassette recorder. The Britishism disly, "attractive," has a second meaning of "gossipy" that was news to me, while the slang Americanism dizy, "flighty," is analyzed by an astute etymologist as having perhaps been influenced by dotty and diray. The meaning of the state made it as "to kill or shoot," with having perhaps been influenced by to connote magic, and it was with according to networking as a noun are nicely split between "supportive system of sharing information and services among individuals and groups hav-

WASHINGTON — No gift at

When Barbra Streisand was sing.

On the giver than the gift of gab.

The Random House Dictionary of the English Language: Second dition-Unabridged is the big ook of the year for many the second many of the english Language of the big ook of the year for many the second many of the second many the big of the year for many the big of the year for many the second many the of the English Language: Second Morris (not the co-author of the Edition-Unabridged is the big Morris Dictionary of Word and book of the year for word mavens. Phrase Origins, and not the theatri-At 2,500 pages, 315,000 entries - cal agent) was a 19th-century poer 50,000 of them new - and more and pamphleteer who helped estab. than 13 pounds, it lists for \$79.95. lish England's Socialist Party, He You might expect a dictionary was also a furniture manufacturer edited by Stuart Berg Flexner, the who led the arts-and-crafts moveworld's leading slanguist, to be ment, which changed the Victorian deep into dialect. He will feed you a tastes of his time: "Among the furhero sandwich overstuffed with delectable regional variations: hoagie,
poor boy, sub, grinder, wedge and with an adjustable back and removable cushions."

"Confusion Reigns" is subtitled Thanks to the pioneering work
by Fred Cassidy's Dictionary of
"A Quick & Easy Guide to (
"A Quick & Easy Guide to (
"A Most Easily Mixed-Up Words," by
American Regional English, an ensomeone driving from the Northeast to the Southwest is likely to encounter johnnycake, corncake and hoecake.

The illustrations are usually put in for a semantic purpose, not just to pretty up the page: the Rhodesian Ridgeback is a dog with a funny-looking spine, and is so shown. I don't know if I would have put in organisque, once a female inhabitant of a Turkish harem, is now sent another Soviet radiar systems show only in paintings, usually reclining them built near Krasnov arsk is full on her side in a sultry pose.

Among them is this etymological & Wilter Pinners this connotation that the word distorted by then to glamour, was in-sinuated into standard English by Sir Walter Scott."

New York Times Service

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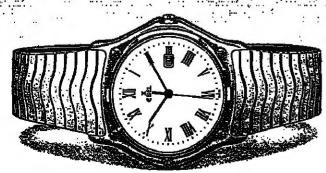
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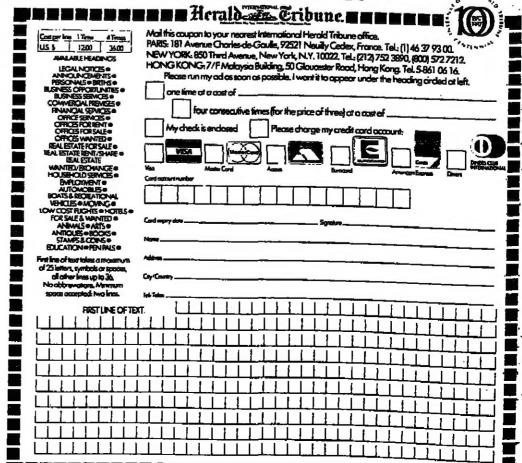
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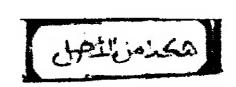
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